CREATING LIFE-CHANGING MOMENTS FOR SINGLE MOMS AND THEIR FAMILIES

Climb
WYOMING

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

CLIMB D/B/A CLIMB WYOMING

FINANCIAL REPORT

SEPTEMBER 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Climb d/b/a Climb Wyoming
Cheyenne, Wyoming

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Climb d/b/a Climb Wyoming (the Organization), which comprise the Statements of Financial Position as of September 30, 2022 and 2021, the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we issued a separate report dated January 27, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report was issued under a separate cover. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
January 27, 2023

CLIMB D/B/A CLIMB WYOMING

STATEMENTS OF FINANCIAL POSITION
September 30, 2022 and 2021

		2022		2021
ASSETS				
Current Assets				
Cash and cash equivalents	$	**2,774,701**	$	2,304,069
Certificates of deposit		**131,391**		340,820
Grants receivable		**655,610**		1,042,655
Contract and other receivables		**286**		27,141
Pledges receivable, net of doubtful accounts (2022 $20,823; 2021 $13,450) (Notes 1 and 2)		**618,439**		407,536
Prepaid contracted services		**23,325**		5,628
Prepaid rent and insurance		**16,774**		14,286
		4,220,526		4,142,135
Noncurrent Assets				
Investments (Note 4)		**2,096,825**		1,768,272
Cash held for permanent endowment (Note 3)		**14,243**		9,683
Investments held for permanent endowment (Notes 3 and 4)		**1,068,181**		1,272,877
Pledges receivable, net of discount (Note 1)		**30,819**		78,968
Furniture and equipment, net of accumulated depreciation (2022 $119,605; 2021 $145,392)		**50,103**		65,497
		3,260,171		3,195,297
Total assets	**$**	**7,480,697**	$	7,337,432
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	**$**	**89,742**	$	67,873
Deferred revenue		**55,720**		202,812
Note payable (Note 9)		**-**		500,000
Total liabilities		**145,462**		770,685
Net Assets				
Without donor restrictions		**5,469,658**		4,512,219
With donor restrictions (Note 3):				
Subject to the passage of time or expenditure for specified purpose		**783,153**		771,968
Endowment funds:				
Original gifts (corpus)		**784,511**		784,511
Accumulated endowment earnings		**297,913**		498,049
Total endowment funds		**1,082,424**		1,282,560
Total net assets with donor restrictions		**1,865,577**		2,054,528
Total net assets		**7,335,235**		6,566,747
Total liabilities and net assets	**$**	**7,480,697**	$	7,337,432

See Notes to Financial Statements.

CLIMB D/B/A CLIMB WYOMING

STATEMENTS OF ACTIVITIES
Years Ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Additions to Net Assets						
Federal grant revenue	$ 4,171,287	$ -	$ 4,171,287	$ 4,160,046	$ -	$ 4,160,046
Individual and corporate donation income (Note 2)	1,197,684	576,549	1,774,233	1,579,584	322,952	1,902,536
Foundation and corporate grant revenue	155,000	94,438	249,438	80,512	277,196	357,708
State and local grant revenue	146,120	-	146,120	111,657	-	111,657
Contracted service income	357,910	-	357,910	353,733	-	353,733
Realized and unrealized (losses) gains on investments	(350,038)	(244,713)	(594,751)	3,440	244,969	248,409
Interest income	28,499	16,482	44,981	18,640	13,363	32,003
Miscellaneous income (Note 9)	509,309	7,749	517,058	513,285	-	513,285
	6,215,771	450,505	6,666,276	6,820,897	858,480	7,679,377
Net assets released from restrictions (Note 3)	639,456	(639,456)	-	568,749	(568,749)	-
Total revenue and additions	6,855,227	(188,951)	6,666,276	7,389,646	289,731	7,679,377
Expenses and Reductions in Net Assets (Notes 2 and 6)						
Program services	4,787,965	-	4,787,965	4,732,460	-	4,732,460
Management and support	635,333	-	635,333	606,867	-	606,867
Fundraising	474,490	-	474,490	432,041	-	432,041
Total expenses and reductions	5,897,788	-	5,897,788	5,771,368	-	5,771,368
Net increase (decrease) in net assets	957,439	(188,951)	768,488	1,618,278	289,731	1,908,009
Net Assets, beginning of year	4,512,219	2,054,528	6,566,747	2,893,941	1,764,797	4,658,738
Net Assets, end of year	$ 5,469,658	$ 1,865,577	$ 7,335,235	$ 4,512,219	$ 2,054,528	$ 6,566,747

See Notes to Financial Statements.

CLIMB D/B/A CLIMB WYOMING

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended September 30, 2022 and 2021

	2022				2021			
	Program Services	**Management and Support**	**Fundraising**	**Total**	Program Services	Management and Support	Fundraising	Total
Bad debt expense	**$ -**	**$ -**	**$ -**	**$ -**	$ -	$ -	$ 1,700	$ 1,700
Contracted services	**505,920**	**52,370**	**21,374**	**579,664**	357,153	96,072	28,599	481,824
Depreciation expense	**12,469**	**1,693**	**1,232**	**15,394**	6,194	841	612	7,647
Employee health and retirement benefits	**175,165**	**53,002**	**21,516**	**249,683**	180,793	42,356	13,035	236,184
Employer payroll taxes	**138,674**	**29,384**	**23,858**	**191,916**	158,510	34,280	20,275	213,065
Events and mailing	**108**	**68**	**52,585**	**52,761**	1,022	165	94,925	96,112
Facility	**374,512**	**98,355**	**33,181**	**506,048**	380,935	27,931	37,210	446,076
GED instruction	**311**	**-**	**-**	**311**	62	-	-	62
Graduate services	**6,091**	**-**	**-**	**6,091**	2,335	-	-	2,335
Insurance	**23,500**	**3,356**	**2,154**	**29,010**	20,341	4,342	1,934	26,617
Mental health provider	**429,879**	**-**	**-**	**429,879**	432,330	-	-	432,330
Office supplies	**48,052**	**13,553**	**6,987**	**68,592**	76,239	19,162	9,781	105,182
Participant and employer recruitment	**339,101**	**-**	**150**	**339,251**	318,179	196	31	318,406
Participant career clothing	**46,043**	**-**	**-**	**46,043**	37,577	-	-	37,577
Participant group life skills training	**148,391**	**-**	**-**	**148,391**	177,484	-	2	177,486
Participant incentives	**122,296**	**-**	**-**	**122,296**	140,102	-	-	140,102
Participant license and certification	**18,792**	**-**	**-**	**18,792**	13,734	-	-	13,734
Participant recognition events	**7,872**	**-**	**-**	**7,872**	11,101	-	-	11,101
Participant screenings	**9,393**	**-**	**-**	**9,393**	12,770	-	-	12,770
Participant transportation assistance	**14,136**	**-**	**-**	**14,136**	8,573	-	-	8,573
Participant tuition	**274,221**	**-**	**-**	**274,221**	267,258	-	-	267,258
Participant wage reimbursement	**220,131**	**-**	**-**	**220,131**	224,046	-	-	224,046
Program coordination and salary	**1,640,770**	**360,275**	**277,543**	**2,278,588**	1,731,737	374,861	216,777	2,323,375
Repair and maintenance	**-**	**-**	**-**	**-**	5,066	785	284	6,135
Staff development and training	**181,987**	**21,159**	**24,164**	**227,310**	124,324	5,261	1,549	131,134
Staff travel	**50,151**	**2,118**	**9,746**	**62,015**	44,595	615	5,327	50,537
	$ 4,787,965	**$ 635,333**	**$ 474,490**	**$ 5,897,788**	$ 4,732,460	$ 606,867	$ 432,041	$ 5,771,368

See Notes to Financial Statements.

CLIMB D/B/A CLIMB WYOMING

STATEMENTS OF CASH FLOWS
Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Net increase in net assets	**$ 768,488**	$ 1,908,009
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation	**15,394**	7,647
(Gain) on extinguishment of debt	**(500,000)**	(500,000)
Realized and unrealized loss (gain) on investments held for endowment	**214,514**	(216,290)
Realized and unrealized loss (gain) on investments	**380,237**	(32,119)
Contributions received for endowment purposes	**-**	(100)
Changes in operating assets and liabilities:		
Prepaid expenses	**(20,185)**	(4,336)
Receivables	**251,146**	(490,427)
Accounts payable and accrued expenses	**21,869**	29,331
Deferred revenue	**(147,092)**	(71,904)
Net cash provided by operating activities	**984,371**	629,811
Cash Flows from Investing Activities		
Purchase of investments - permanent endowment	**(241,426)**	(195,152)
Purchase of investments	**(1,250,716)**	(1,920,220)
Sale of investments - permanent endowment	**231,608**	187,656
Sale of investments	**541,926**	319,157
Redemption of certificates of deposit	**209,429**	545,768
Purchase of property and equipment	**-**	(61,984)
Net cash (used in) investing activities	**(509,179)**	(1,124,775)
Cash Flows from Financing Activities		
Contributions restricted for endowment purposes	**-**	100
Proceeds from note payable	**-**	500,000
Net cash provided by financing activities	**-**	500,100
Change in cash and cash equivalents	**475,192**	5,136
Cash and Cash Equivalents, beginning of year	**2,313,752**	2,308,616
Cash and Cash Equivalents, end of year	**$ 2,788,944**	$ 2,313,752

See Notes to Financial Statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: Climb d/b/a Climb Wyoming (the Organization) is a not-for-profit corporation that operates solely for charitable purposes of training and placing low-income single mothers in jobs that successfully support their families. The Organization achieves this mission through Climb Wyoming programs that provide employer-driven job skills training and placement, life skills training, counseling, and the support necessary to ensure self-sufficiency and long-term success.

A summary of significant accounting policies follows:

Basis of accounting: The Organization conforms to accounting principles generally accepted in the United States of America, as applicable to not-for-profit entities. Revenue is recognized when earned, and expenses are recorded when incurred.

Financial statement presentation: The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, as the basis of presentation of its financial statements. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors (the Board). These also include Board-designated or -appropriated amounts.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; these restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

ASC Topic 958 also requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed conditions.

Income taxes: The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Contributions to the Organization are deductible, as allowed under Section 170 of the IRC.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustments to the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by U.S. Federal, state, or local tax authorities except for the last three years filed.

Cash and cash equivalents: For purposes of reporting cash flows, the Organization considers all demand deposits, money market accounts, and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Note 1. Nature of Business and Summary of Significant Accounting Policies, *Continued*

The Organization maintains its cash in bank deposit accounts that, at times, may exceed Federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Certificates of deposit: Certificates of deposit (non-negotiable) are carried at cost plus accrued interest.

Pledges receivable: Pledges receivable represent amounts committed by donors that have not been received by the Organization. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts were computed using an interest rate of 4% for the years ended September 30, 2022 and 2021. Amortization of the discount is included in donation income. The unamortized discount was $20,481 and $16,178 as of September 30, 2022 and 2021, respectively.

Gross pledges receivable, prior to the discount and allowance for doubtful accounts, as of September 30 are due during the following periods:

	2022	2021
Less than one year	**$ 639,262**	$ 420,986
One to five years	**51,300**	95,146
	$ 690,562	$ 516,132

Investments: The Organization accounts for its investments under ASC Topic 958. Under this Topic, investments in marketable securities with readily determinable fair values are valued at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. The investment portfolio disclosed in Note 4 is diversified among major industry sectors.

Depreciation: It is the Organization’s policy to capitalize property and equipment over $3,000 with a useful life of at least three years. Furniture and equipment are stated at cost at the date of acquisition or at the acquisition value at the date of donation in the case of gifts. Depreciation on furniture and equipment is calculated using the straight-line method. Furniture and equipment are depreciated over their useful lives of three to seven years. Expenditures for repairs and maintenance are expensed when incurred.

Revenue recognition: The Organization recognizes revenue in accordance with ASC Topic 958 and ASC Topic 606, *Revenue from Contracts with Customers*. Accordingly, the Organization evaluates whether a transfer of assets is (1) an exchange transaction, in which a resource provider is receiving commensurate value in return for the resources transferred, or (2) a contribution.

Note 1. Nature of Business and Summary of Significant Accounting Policies, *Continued*

Exchange transactions: If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC Topic 606, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

<u>Contracted service income:</u> Contracted service income is recognized in accordance with ASC Topic 606. Specifically, contracted service income is recognized in the period the contracted service (performance obligation) is provided and per the terms of the individual agreements/contracts. Revenue is recorded at the transaction price, which includes fixed consideration, and is generally recognized at a point in time. Certain contracts have more than one performance obligation. Revenue related to these contracts is recognized over time as each performance obligation is satisfied.

Contributions: If the transfer of assets is determined to be a contribution, ASC Topic 958 applies. Under ASC Topic 958, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

<u>Grant revenue (Federal, state, local, foundation and corporate):</u> The Organization recognizes grant revenue in accordance with ASC Topic 958. Grants received are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses and are recognized as costs are incurred. Grant revenue is deferred when amounts received from grant and contract sponsors have not yet been earned under the terms of the agreement. Grants receivable include amounts due from Federal, state, and local grant programs. All grants are considered by management to be fully collectible; no allowance for doubtful accounts has been accrued.

<u>Individual and corporate donation income:</u> The Organization recognizes contribution income in accordance with ASC Topic 958. Unconditional promises to give are recognized as revenue or a gain in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Depending on the existence or nature of any donor restrictions, unconditional contributions received are recorded as increases in net assets with donor restrictions or net assets without donor restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional. There were no conditional promises to give received by the Organization during the years ended September 30, 2022 or 2021.

Functional allocation of expenses: The costs of providing program and supporting services have been reported on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on management's estimate of the relative attention and effort exerted toward specific functional areas.

Note 1. Nature of Business and Summary of Significant Accounting Policies, *Continued*

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Subsequent events: Events occurring subsequent to the Statement of Financial Position date have been evaluated for financial statement impact or disclosure through January 27, 2023, the date the financial statements were available to be issued.

Note 2. Related-Party Transactions

The Organization contracted with related parties for office space in the amount of $27,486 and $36,648 during the years ended September 30, 2022 and 2021, respectively. The Organization received donations from related parties totaling $99,279 and $400,754 during the years ended September 30, 2022 and 2021, respectively, and had pledges receivable from related parties totaling $28,460 and $38,914 at September 30, 2022 and 2021, respectively.

Note 3. Restricted Funds and Endowments

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Net assets released from restrictions: Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors. Net assets released from restrictions amounted to $639,456 and $568,749 during the years ended September 30, 2022 and 2021, respectively.

Net assets with donor restrictions: Donor-restricted net assets are available for the following purposes or periods as of September 30:

	2022			
	Endowment Corpus	**Endowment Accumulated Earnings**	**Other Donor Restrictions**	**Total**
Long-term operations	**$ 650,300**	**$ 262,945**	**$ -**	**$ 913,245**
Locations	**134,211**	**34,968**	**704,040**	**873,219**
Organization activities other than personnel-related expenses	**-**	**-**	**79,113**	**79,113**
	$ 784,511	**$ 297,913**	**$ 783,153**	**$ 1,865,577**

Note 3. Restricted Funds and Endowments, ***Continued***

	2021			
	Endowment Corpus	Endowment Accumulated Earnings	Other Donor Restrictions	Total
Long-term operations	$ 650,300	$ 430,345	$ -	$ 1,080,645
Locations	134,211	67,704	717,712	919,627
Organization activities other than personnel-related expenses	-	-	54,256	54,256
	$ 784,511	$ 498,049	$ 771,968	$ 2,054,528

Endowment: As of September 30, 2022 and 2021, the Organization had received donor-restricted endowments totaling $1,082,424 and $1,282,560, respectively, which are classified within net assets with donor restrictions. As of September 30, 2022 and 2021, $14,243 and $9,683, respectively, of these permanent endowment funds are temporarily being held as cash until suitable investment opportunities are identified, and the remaining $1,068,181 and $1,272,877, respectively, have been invested in equity and debt securities, mutual funds, and U.S. Treasury securities. In accordance with the endowment agreement, the income earned by the permanent endowment shall be used for initiatives that address the operational priorities and mission of the Organization.

The changes in endowment net asset composition by type of funds during the years ended September 30 are as follows:

	2022		
	Without Restrictions	**With Restrictions**	**Total**
Endowment net assets, beginning of year	**$ -**	**$ 1,282,560**	**$ 1,282,560**
Investment return:			
Investment income, net	**-**	**(200,136)**	**(200,136)**
Endowment net assets, end of year	**$ -**	**$ 1,082,424**	**$ 1,082,424**

Note 3. Restricted Funds and Endowments, *Continued*

	2021		
	Without Restrictions	With Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 1,055,214	$ 1,055,214
Investment return:			
Investment income, net	-	227,246	227,246
Donation income	-	100	100
Endowment net assets, end of year	$ -	$ 1,282,560	$ 1,282,560

The Organization has interpreted Wyoming's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent any explicit donor stipulation to the contrary.

As a result of this interpretation, the Organization classifies donor-restricted net assets as: (a) the original value of the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund;
2. The purposes of the Organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The investment policies of the Organization.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies would be a result of unfavorable market fluctuations that occur shortly after the investment of new donor-restricted endowment contributions and the continued appropriation for certain programs that are deemed prudent by the Board. There were no deficiencies of this nature as of September 30, 2022 or 2021.

Endowment return objectives, risk parameters and spending policy: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. It is the Organization's policy to appropriate actual earnings on endowment investments.

Note 4. Investments

The Organization invests in a professionally managed portfolio. Such investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Accounting principles generally accepted in the United States of America require assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Level 2 valuations are based on quoted market prices for identical assets in less-than-active markets.

The Organization has valued all investments utilizing the Level 1 approach.

The costs and fair values of marketable securities are as follows at September 30:

	2022		2021	
	Cost	**Fair Value**	Cost	Fair Value
Equity securities (exchange-traded funds and index funds)	**$ 2,981,692**	**$ 2,753,863**	$ 2,403,631	$ 2,792,836
U.S. Treasuries	**306,969**	**303,419**	-	-
Mutual funds	**113,865**	**107,724**	244,800	248,313
Total marketable securities	**$ 3,402,526**	**$ 3,165,006**	$ 2,648,431	$ 3,041,149

The Organization's investment portfolio is subject to concentration of credit risk. At September 30, 2022, there was one investment totaling $553,609 where the individual investment was greater than or equal to 10% of the fair value of the investment portfolio. At September 30, 2021, there was one investment totaling $503,443 where the individual investment was greater than or equal to 10% of the fair value of the investment portfolio.

Note 5. Economic Dependence

During the years ended September 30, 2022 and 2021, the Organization was highly dependent on grant revenue and contracted service income received from the State of Wyoming through grants and contracts provided by the Department of Family Services. Revenue from this source accounted for approximately 58% and 49% of total revenue for the years ended September 30, 2022 and 2021, respectively.

Note 6. Lease Commitments

The Organization leases office space and a telephone system under various leases that expire through November 30, 2025. The total minimum lease commitment under these leases at September 30, 2022 is as follows:

Years ending September 30:		
2023	$	413,681
2024		405,285
2025		164,452
2026		12,760
	$	996,178

Rental expense for all operating leases included in the Statements of Functional Expenses totaled $400,209 and $372,278 for the years ended September 30, 2022 and 2021, respectively.

Note 7. Liquidity and Availability of Financial Assets

The Organization has a goal to maintain financial assets, consisting of cash and cash equivalents, certificates of deposit, and current receivables, that are sufficient to meet the normal operating expenses for one year. The following reflects the Organization's financial assets as of the Statement of Financial Position dates, reduced by amounts not available for general use within one year of the Statement of Financial Position dates because of donor-imposed restrictions. Amounts available include amounts determined to be used for restricted purposes only, as established by the endowments. The Board has set a policy regarding its level of reserves and evaluates this policy on an annual basis.

The Organization's financial assets available for general expenditures within one year of the Statement of Financial Position dates are as follows:

	2022	2021
Cash and cash equivalents	**$ 2,774,701**	$ 2,304,069
Certificates of deposit	**131,391**	340,820
Grants receivable	**655,610**	1,042,655
Contract and other receivables	**286**	27,141
Current portion of pledges receivable	**618,439**	407,536
Total financial assets	**4,180,427**	4,122,221
Less net assets with donor restrictions	**783,153**	771,968
Financial assets available to meet cash needs for general expenditures within one year	**$ 3,397,274**	$ 3,350,253

Note 8. Recently Issued Accounting Pronouncements

Upcoming:

ASC Topic 842, Leases: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. This amendment applies to any entity that enters into a lease, with some specified scope exemptions, and was issued to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the Statement of Financial Position and disclosing key information about lease arrangements.

In January 2018, the FASB issued ASU 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*, which amends the new lease guidance to add an optional transition practical expedient that permits an entity to continue applying its current accounting policy for land easements that exist or expire before the ASC Topic 842 effective date. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases,* which makes narrow-scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method, allowing the standard to be applied at the adoption date. In November 2021, the FASB issued ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees that are not Public Business Entities*, which allows lessees that are not public business entities to make the ASC Topic 842 risk-free discount rate accounting policy election by class of underlying asset, rather than at the entity-wide level.

In November 2019, the FASB issued ASU 2019-10, which deferred the effective date of ASU 2016-02. In June 2020, the FASB issued ASU 2020-05, which further deferred the effective date of ASU 2016-02. As such, for the Organization, the amendment is effective for fiscal years beginning after December 15, 2021.

A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements, with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented, or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Organization is currently evaluating the impact that the provisions of these pronouncements will have on its financial statements.

Note 9. Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has impacted, and continues to significantly impact, the economic conditions in the U.S. as Federal, state and local governments react to the public health crisis, and has created significant uncertainties in the U.S. economy. It is unknown how long the adverse economic conditions associated with the coronavirus will last and what the complete financial effect will be, if any, on the Organization.

On March 27, 2020, the CARES Act was enacted to, among other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic, including the Paycheck Protection Program (PPP) implemented by the U.S. Small Business Administration (SBA).

Note 9. Coronavirus Aid, Relief, and Economic Security Act (CARES Act), *Continued*

On December 21, 2020, Congress passed the Consolidated Appropriations Act of 2021, which provided additional funding for the PPP. This additional funding was used to (a) re-open the PPP for first-draw loans and (b) allow certain borrowers to apply for a second draw of PPP funding (PPP2).

Due to economic uncertainty and in order to retain its workforce, the Organization applied for and received the following assistance:

PPP loan: On April 17, 2020, the Organization obtained a PPP loan in the amount of $500,000, which was accounted for under ASC Topic 470, *Debt*. The loan accrued interest at a rate of 1.00% and was unsecured. The Organization applied for and was granted loan forgiveness, which was approved in full by the SBA on March 2, 2021. The amount forgiven, which comprised the loan principal and accrued interest, is included in miscellaneous income, as reported on the Statement of Activities, and does not constitute Federal taxable income.

PPP2 loan: On March 30, 2021, the Organization obtained a PPP2 loan in the amount of $500,000, which is accounted for under ASC Topic 470, *Debt*. The loan accrued interest at a rate of 1.00% and was unsecured. The Organization applied for loan forgiveness, which was approved in full by the SBA on November 8, 2021. The amount forgiven, which comprised the loan principal and accrued interest, is included in miscellaneous income, as reported on the Statement of Activities, and does not constitute Federal taxable income.