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**AUDITED FINANCIAL STATEMENTS FOR
THE YEAR ENDED SEPTEMBER 30, 2024**

CLIMB D/B/A CLIMB WYOMING

FINANCIAL REPORT

SEPTEMBER 30, 2024 AND 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 (U.S. 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 U.S. 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 February 24, 2025 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
February 24, 2025

CLIMB D/B/A CLIMB WYOMING

STATEMENTS OF FINANCIAL POSITION September 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,245,636	\$ 839,064
Certificates of deposit	1,083,617	1,040,744
Grants receivable	331,004	508,676
Contract and other receivables	6,315	6,628
Pledges receivable, net of doubtful pledges (2024 \$9,151; 2023 \$9,772) (Notes 1 and 2)	395,192	426,377
Prepaid contracted services	87,038	92,585
Prepaid rent and insurance	20,422	17,602
	<u>3,169,224</u>	<u>2,931,676</u>
Noncurrent Assets		
Investments (Note 4)	4,572,219	3,411,216
Cash held for permanent endowment (Note 3)	8,638	6,290
Investments held for permanent endowment (Notes 3 and 4)	1,503,306	1,221,315
Pledges receivable, net of doubtful pledges (2024 \$7,924; 2023 \$1,340) and net of discount (Notes 1 and 2)	163,527	22,610
Furniture and equipment, net of accumulated depreciation (2024 \$115,215; 2023 \$133,448)	22,418	36,260
Right-of-use lease assets, net of accumulated amortization (Note 6)	618,251	446,428
	<u>6,888,359</u>	<u>5,144,119</u>
Total assets	<u>\$ 10,057,583</u>	<u>\$ 8,075,795</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 153,193	\$ 171,493
Deferred revenue	60,245	12,714
Right-of-use lease liabilities (Note 6)	308,639	280,064
Total current liabilities	<u>522,077</u>	<u>464,271</u>
Right-of-use lease liabilities (Note 6)	312,294	174,661
Total liabilities	<u>834,371</u>	<u>638,932</u>
Net Assets		
Without donor restrictions	<u>6,522,162</u>	<u>5,472,305</u>
With donor restrictions (Note 3):		
Subject to the passage of time or expenditure for specified purpose	<u>1,189,106</u>	<u>736,953</u>
Endowment funds:		
Original gifts (corpus)	794,511	789,511
Accumulated endowment earnings	717,433	438,094
Total endowment funds	<u>1,511,944</u>	<u>1,227,605</u>
Total net assets with donor restrictions	<u>2,701,050</u>	<u>1,964,558</u>
Total net assets	<u>9,223,212</u>	<u>7,436,863</u>
Total liabilities and net assets	<u>\$ 10,057,583</u>	<u>\$ 8,075,795</u>

See Notes to Financial Statements.

CLIMB D/B/A CLIMB WYOMING

STATEMENTS OF ACTIVITIES

Years Ended September 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Additions to Net Assets						
Federal grant revenue	\$ 4,071,647	\$ -	\$ 4,071,647	\$ 4,590,905	\$ -	\$ 4,590,905
Individual and corporate donation income (Note 2)	1,935,837	1,060,191	2,996,028	1,162,400	561,557	1,723,957
Foundation and corporate grant revenue	205,000	22,015	227,015	180,000	36,015	216,015
State and local grant revenue	117,170	-	117,170	143,452	-	143,452
Realized and unrealized gains on investments	500,315	335,503	835,818	236,224	136,592	372,816
Interest income	118,753	29,621	148,374	57,630	21,082	78,712
Miscellaneous income	7,438	6,000	13,438	9,169	24	9,193
	6,956,160	1,453,330	8,409,490	6,379,780	755,270	7,135,050
Net assets released from restrictions (Note 3)	716,838	(716,838)	-	656,289	(656,289)	-
Total revenue and additions to net assets	7,672,998	736,492	8,409,490	7,036,069	98,981	7,135,050
Expenses and Reductions in Net Assets (Notes 2, 6 and 8)						
Program services	5,221,914	-	5,221,914	5,854,224	-	5,854,224
Management and support	698,668	-	698,668	577,997	-	577,997
Fundraising	702,559	-	702,559	601,201	-	601,201
Total expenses and reductions in net assets	6,623,141	-	6,623,141	7,033,422	-	7,033,422
Net increase in net assets	1,049,857	736,492	1,786,349	2,647	98,981	101,628
Net Assets, beginning of year	5,472,305	1,964,558	7,436,863	5,469,658	1,865,577	7,335,235
Net Assets, end of year	\$ 6,522,162	\$ 2,701,050	\$ 9,223,212	\$ 5,472,305	\$ 1,964,558	\$ 7,436,863

See Notes to Financial Statements.

CLIMB D/B/A CLIMB WYOMING

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended September 30, 2024 and 2023

	2024				2023			
	Program Services	Management and Support	Fundraising	Total	Program Services	Management and Support	Fundraising	Total
Bad debt expense	\$ -	\$ -	\$ 13,300	\$ 13,300	\$ -	\$ -	\$ 9,440	\$ 9,440
Contracted services	312,175	83,037	92,402	487,614	440,732	69,894	123,492	634,118
Depreciation expense	10,935	1,523	1,384	13,842	11,490	1,107	1,246	13,843
Employee health and retirement benefits	136,234	51,986	46,432	234,652	195,887	50,209	31,498	277,594
Employer payroll taxes	147,903	35,778	28,781	212,462	148,503	29,656	21,196	199,355
Events and mailing	-	-	57,005	57,005	-	-	86,503	86,503
Facility	494,606	54,149	33,147	581,902	475,530	45,640	37,366	558,536
GED instruction	323	-	-	323	40	-	-	40
Graduate services	12,240	-	-	12,240	8,644	-	-	8,644
Insurance	24,856	5,032	2,683	32,571	24,600	4,007	4,102	32,709
Mental health provider	617,484	-	440	617,924	611,268	-	-	611,268
Office supplies	87,296	23,082	25,725	136,103	34,884	9,212	7,402	51,498
Participant and employer recruitment	337,557	-	-	337,557	539,857	216	180	540,253
Participant career clothing	42,401	-	-	42,401	70,271	-	-	70,271
Participant group life skills training	182,448	-	-	182,448	207,671	-	114	207,785
Participant incentives	136,678	-	-	136,678	177,765	-	-	177,765
Participant license and certification	9,095	-	-	9,095	5,147	-	-	5,147
Participant recognition events	14,598	-	-	14,598	11,027	-	-	11,027
Participant screenings	6,813	-	-	6,813	8,534	-	-	8,534
Participant transportation assistance	13,154	-	-	13,154	21,484	-	-	21,484
Participant tuition	328,683	-	-	328,683	526,660	-	-	526,660
Participant wage reimbursement	208,673	-	-	208,673	248,099	-	-	248,099
Program coordination and salary	1,694,374	433,620	342,113	2,470,107	1,736,423	352,701	251,767	2,340,891
Staff development and training	348,683	10,176	41,549	400,408	249,568	15,091	21,140	285,799
Staff travel	54,705	285	17,598	72,588	100,140	264	5,755	106,159
	\$ 5,221,914	\$ 698,668	\$ 702,559	\$ 6,623,141	\$ 5,854,224	\$ 577,997	\$ 601,201	\$ 7,033,422

See Notes to Financial Statements.

CLIMB D/B/A CLIMB WYOMING

STATEMENTS OF CASH FLOWS
Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Net increase in net assets	\$ 1,786,349	\$ 101,628
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation	13,842	13,843
Noncash operating lease expense	303,628	264,277
Realized and unrealized (gain) on investments held for endowment	(257,414)	(111,578)
Realized and unrealized (gain) on investments	(578,404)	(261,237)
Contributions received for endowment purposes	(5,000)	(5,000)
Changes in operating assets and liabilities:		
Prepaid expenses	2,727	(70,088)
Receivables	68,253	340,863
Accounts payable and accrued expenses	(18,300)	81,751
Deferred revenue	47,531	(43,006)
Operating lease liabilities	(309,243)	(255,980)
Net cash provided by operating activities	1,053,969	55,473
Cash Flows From Investing Activities		
Purchase of investments - permanent endowment	(499,602)	(294,507)
Purchase of investments	(5,414,755)	(2,406,864)
Sale of investments - permanent endowment	475,024	252,951
Sale of investments	4,832,157	1,353,710
Redemption of certificates of deposit	-	131,390
Purchase of certificates of deposit and reinvested interest	(42,873)	(1,040,743)
Net cash (used in) investing activities	(650,049)	(2,004,063)
Cash Flows From Financing Activities		
Contributions restricted for endowment purposes	5,000	5,000
Net cash provided by financing activities	5,000	5,000
Change in cash and cash equivalents	408,920	(1,943,590)
Cash and Cash Equivalents, beginning of year	845,354	2,788,944
Cash and Cash Equivalents, end of year	\$ 1,254,274	\$ 845,354
Supplemental Schedule of Noncash Operating Activities		
Initial recognition of right-of-use lease asset and lease liability	\$ 554,119	\$ 710,705
Write-off of superseded right-of-use lease asset and lease liability	(78,668)	-

See Notes to Financial Statements.

CLIMB D/B/A CLIMB WYOMING

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 that 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.

CLIMB D/B/A CLIMB WYOMING

NOTES TO FINANCIAL STATEMENTS

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 that 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, 2024 and 2023. Amortization of the discount is included in donation income. The unamortized discount was \$26,649 and \$9,550 as of September 30, 2024 and 2023, respectively.

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

	<u>2024</u>		<u>2023</u>
Less than one year	\$ 404,343	\$	436,149
One to five years	<u>198,100</u>		<u>33,500</u>
	<u>\$ 602,443</u>	\$	<u>469,649</u>

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, in the case of gifts, at the acquisition value at the date of donation. 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 FASB 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.

CLIMB D/B/A CLIMB WYOMING

NOTES TO FINANCIAL STATEMENTS

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

Contributions: If the transfer of assets is determined to be a contribution, ASC Topic 958 applies. Under this Topic, 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.

Grant revenue (Federal, state, local, foundation and corporate): 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.

Individual and corporate donation income: 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, 2024 or 2023.

Leases: The Organization determines if a contract contains a lease at inception. Generally, the lease term is the minimum of the noncancelable period of the lease, inclusive of renewal periods that the Organization is reasonably certain to exercise. The Organization recognizes a right-of-use (ROU) asset and lease liability for each lease with a contractual term greater than 12 months at the time of lease inception. The Organization does not record leases with an initial term of 12 months or less on the Statement of Financial Position but continues to record rent expense on a straight-line basis over the lease term.

Lease assets and liabilities are recognized at the lease commencement date, which is the date the Organization controls the use of the property. Lease liabilities represent the present value of lease payments not yet paid. The Organization did not make the policy election to combine lease and nonlease components. As such, common area maintenance payments are not part of future lease payments. The Organization uses a risk-free rate as the discount rate for its leases.

CLIMB D/B/A CLIMB WYOMING

NOTES TO FINANCIAL STATEMENTS

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

ROU assets represent the Organization's right to use an underlying asset and are based upon the lease liabilities adjusted for prepayments, initial direct costs, and the impairment of ROU assets, as applicable.

The Organization's real estate operating leases typically include fixed rent escalations over the term of each lease. Operating lease expense is recognized on a straight-line basis over the lease term.

The Organization (a) does not have lease agreements that contain any material residual value guarantees or material restrictive covenants, (b) has not currently entered into any leases with related parties, (c) does not have any leases in which it acts as the lessor, and (d) is not party to any subleasing arrangements.

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.

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.

Reclassifications: Certain assets in the Statement of Financial Position as of September 30, 2023 have been reclassified to be consistent with the classifications adopted for the year ended September 30, 2024, with no effect on net assets or change in net assets.

Subsequent events: Events occurring subsequent to the Statement of Financial Position date have been evaluated for financial statement impact or disclosure through February 24, 2025, the date the financial statements were available to be issued.

Note 2. Related-Party Transactions

The Organization received donations from related parties totaling \$93,029 and \$227,316 during the years ended September 30, 2024 and 2023, respectively, and had pledges receivable from related parties totaling \$80,943 and \$85,341 at September 30, 2024 and 2023, 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 \$716,838 and \$656,289 during the years ended September 30, 2024 and 2023, respectively.

CLIMB D/B/A CLIMB WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 3. Restricted Funds and Endowments, *Continued*

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

	2024			
	Endowment Corpus	Endowment Accumulated Earnings	Other Donor Restrictions	Total
Long-term operations	\$ 660,300	\$ 617,750	\$ -	\$ 1,278,050
Locations	134,211	99,683	1,062,812	1,296,706
Organization activities other than personnel-related expenses	-	-	126,294	126,294
	\$ 794,511	\$ 717,433	\$ 1,189,106	\$ 2,701,050
	2023			
	Endowment Corpus	Endowment Accumulated Earnings	Other Donor Restrictions	Total
Long-term operations	\$ 655,300	\$ 382,139	\$ -	\$ 1,037,439
Locations	134,211	55,955	736,016	926,182
Organization activities other than personnel-related expenses	-	-	937	937
	\$ 789,511	\$ 438,094	\$ 736,953	\$ 1,964,558

Endowments: As of September 30, 2024 and 2023, the Organization had received donor-restricted endowments totaling \$1,511,944 and \$1,227,605, respectively, which are classified within net assets with donor restrictions. As of September 30, 2024 and 2023, \$8,638 and \$6,290, respectively, of these permanent endowment funds are temporarily being held as cash until suitable investment opportunities are identified, and the remaining \$1,503,306 and \$1,221,315, 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.

CLIMB D/B/A CLIMB WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 3. Restricted Funds and Endowments, *Continued*

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

	2024		
	Without Restrictions	With Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 1,227,605	\$ 1,227,605
Contribution	-	5,000	5,000
Investment return:			
Investment income, net	-	279,339	279,339
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,511,944</u>	<u>\$ 1,511,944</u>
	2023		
	Without Restrictions	With Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 1,082,424	\$ 1,082,424
Contribution	-	5,000	5,000
Investment return:			
Investment income, net	-	140,181	140,181
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,227,605</u>	<u>\$ 1,227,605</u>

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 effects 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.

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NOTES TO FINANCIAL STATEMENTS

Note 3. Restricted Funds and Endowments, *Continued*

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 maintain 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, 2024 or 2023.

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, except for U.S. Treasury securities, which are Level 2.

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NOTES TO FINANCIAL STATEMENTS

Note 4. Investments, *Continued*

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

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Equity securities (exchange-traded funds and index funds)	\$ 3,744,902	\$ 4,615,728	\$ 2,989,670	\$ 3,113,880
U.S. Treasury securities	1,162,702	1,172,260	1,220,786	1,233,723
Mutual funds	38,300	36,937	38,300	34,328
Money market funds	250,600	250,600	250,600	250,600
Total marketable securities	\$ 5,196,504	\$ 6,075,525	\$ 4,499,356	\$ 4,632,531

The Organization's investment portfolio is subject to concentration of credit risk. At September 30, 2024 and 2023, there was one investment totaling \$630,258 and \$529,831, respectively, 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, 2024 and 2023, 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 48% and 59% of total revenue for the years ended September 30, 2024 and 2023, respectively.

Note 6. Lease Commitments and Subsequent Event

The Organization leases land for office space and office equipment under leases that have extension terms ranging from two to three years.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease cost for the years ended September 30 are as follows:

	2024	2023
Operating lease cost	\$ 332,736	\$ 294,637
Short-term lease cost	116,240	129,508
Total lease cost	\$ 448,976	\$ 424,145

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NOTES TO FINANCIAL STATEMENTS

Note 6. Lease Commitments and Subsequent Event, *Continued*

Supplemental cash flow and noncash information related to leases for the years ended September 30 is as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of the lease liabilities:		
Operating cash flows from operating leases	\$ 339,758	\$ 286,340
ROU assets obtained in exchange for lease obligations:		
Operating lease liabilities	\$ 554,119	\$ 710,705

Supplemental information related to leases for the years ended September 30 is as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term (years):		
Operating leases	2.17	1.57
Weighted-average discount rate:		
Operating leases	6.95%	5.21%
Supplemental Balance Sheet Information:		
Operating lease ROU assets	<u>\$ 618,251</u>	<u>\$ 446,428</u>

The Organization's lease term expirations range from December 2024 through August 2027, and the future minimum rental payments for noncancelable leases as of September 30, 2024 are as follows:

	<u>Operating Leases</u>
Years ending September 30:	
2025	\$ 340,103
2026	224,801
2027	<u>104,336</u>
Total minimum payments	669,240
Less interest	<u>48,307</u>
Present value of minimum lease payments	<u>\$ 620,933</u>

Subsequent to year-end, the Organization executed a lease extension on one of its office spaces beginning on January 1, 2025 and ending on December 31, 2027, for a total commitment of \$180,000.

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NOTES TO FINANCIAL STATEMENTS

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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,245,636	\$ 839,064
Certificates of deposit	1,083,617	1,040,744
Grants receivable	331,004	508,676
Contract and other receivables	6,315	6,628
Current portion of pledges receivable	395,192	426,377
Total financial assets	3,061,764	2,821,489
Less net assets with donor restrictions	1,189,106	736,953
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,872,658	\$ 2,084,536

Note 8. Employee Benefit Plan

The Organization maintains a 403(b) savings plan covering eligible employees. The plan allows the Organization to make discretionary non-elective contributions (3%) of each eligible employee's salary. The participants are fully vested in the Organization's discretionary contributions when made. The Organization contributed \$56,993 and \$58,460 in the years ended September 30, 2024 and 2023, respectively.