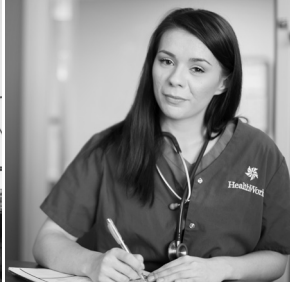


30
years



Climb
WYOMING



Restoring Hope for Generations

**AUDITED FINANCIAL STATEMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2016**

CLIMB
d/b/a CLIMB WYOMING

FINANCIAL REPORT

SEPTEMBER 30, 2016

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INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of CLIMB d/b/a CLIMB Wyoming (the “Organization”), which comprise the Statements of Financial Position as of September 30, 2016 and 2015, the related Statements of Activities, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization’s preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2016 and 2015, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Functional Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mc Gee, Hearne & Paiz, LLP

Cheyenne, Wyoming
February 24, 2017

CLIMB
d/b/a CLIMB Wyoming

STATEMENTS OF FINANCIAL POSITION
September 30, 2016 and 2015

ASSETS	2016	2015
Current Assets		
Cash	\$ 677,818	\$ 141,807
Certificates of deposit	129,622	369,858
Grants receivable	758,700	605,636
Contracts Receivable	5,000	-
Other receivables	3,139	627
Pledges receivable, net of doubtful accounts (2016 \$10,308; 2015 \$25,496)	168,621	240,139
Pledge receivable held for permanent endowment (Note 3)	-	100,000
Prepaid contracted services	9,585	10,300
Prepaid rent and insurance	15,763	17,008
	1,768,248	1,485,375
Noncurrent Assets		
Investments (Note 4)	102,803	-
Cash held for permanent endowment (Note 3)	3,174	33,578
Investments held for permanent endowment (Notes 3 and 4)	541,668	364,103
Certificates of deposit	384,008	130,838
Pledges receivable, net of discount	165,225	323,900
Furniture and equipment, net of accumulated depreciation (2016 \$151,018; 2015 \$134,792)	35,960	48,656
	1,232,838	901,075
Total assets	\$ 3,001,086	\$ 2,386,450
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 161,993	\$ 38,879
Deferred revenue	1,537	41,746
Total liabilities	163,530	80,625
Net Assets		
Unrestricted	1,498,501	1,133,389
Temporarily restricted (Note 3)	839,055	672,436
Permanently restricted (Note 3)	500,000	500,000
Total net assets	2,837,556	2,305,825
Total liabilities and net assets	\$ 3,001,086	\$ 2,386,450

See Notes to Financial Statements.

CLIMB
d/b/a CLIMB Wyoming

STATEMENTS OF ACTIVITIES
Years Ended September 30, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Additions to Net Assets								
Federal grant revenue	\$ 2,846,106	\$ -	\$ -	\$ 2,846,106	\$ 2,357,018	\$ -	\$ -	\$ 2,357,018
State and local grant revenue	1,071,192	-	-	1,071,192	181,820	-	-	181,820
Foundation and corporate grant revenue	74,153	126,458	-	200,611	340,847	86,506	-	427,353
Individual and corporate donation income	549,354	448,282	-	997,636	591,706	209,123	200,000	1,000,829
Contracted services income	5,000	-	-	5,000	-	-	-	-
Interest income	5,231	6,218	-	11,449	5,344	8,440	-	13,784
Realized and unrealized gains (losses) on investments	2,319	42,368	-	44,687	(2,319)	(14,840)	-	(17,159)
Miscellaneous income	9,711	-	-	9,711	5,681	-	-	5,681
	4,563,066	623,326	-	5,186,392	3,480,097	289,229	200,000	3,969,326
Net Assets Released from Restrictions (Note 3)	456,707	(456,707)	-	-	335,624	(335,624)	-	-
Total revenue and additions	5,019,773	166,619	-	5,186,392	3,815,721	(46,395)	200,000	3,969,326
Expenses and Reductions in Net Assets								
Program services	3,805,182	-	-	3,805,182	2,836,422	-	-	2,836,422
Management and support	385,731	-	-	385,731	307,949	-	-	307,949
Fundraising	463,748	-	-	463,748	576,777	-	-	576,777
Total expenses and reductions	4,654,661	-	-	4,654,661	3,721,148	-	-	3,721,148
Net increase (decrease) in net assets	365,112	166,619	-	531,731	94,573	(46,395)	200,000	248,178
Net Assets, beginning of year	1,133,389	672,436	500,000	2,305,825	1,038,816	718,831	300,000	2,057,647
Net Assets, end of year	\$ 1,498,501	\$ 839,055	\$ 500,000	\$ 2,837,556	\$ 1,133,389	\$ 672,436	\$ 500,000	\$ 2,305,825

See Notes to Financial Statements.

CLIMB
d/b/a CLIMB Wyoming

STATEMENTS OF CASH FLOWS
Years Ended September 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Net increase in net assets	\$ 531,731	\$ 248,178
Adjustments to reconcile net increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	30,947	29,865
Realized and unrealized (gain) on investments held for endowment	(41,676)	-
Realized and unrealized (gain) loss on investments	(3,010)	17,159
Change in operating assets and liabilities:		
Prepaid expenses	1,960	(1,315)
Receivables	69,617	(436,180)
Pledge receivable held for permanent endowment	100,000	(100,000)
Accounts payable and accrued expenses	123,114	(33,375)
Deferred revenue	(40,209)	26,746
Net cash provided by (used in) operating activities	772,474	(248,922)
Cash Flows from Investing Activities		
Cash invested (held) for permanent endowment	30,404	(7,060)
Purchase of investments - permanent endowment	(557,116)	(101,380)
Purchase of investments	(99,793)	-
Sale of investments - permanent endowment	421,227	-
Purchase of certificates of deposit	(383,864)	(503,411)
Redemption of certificates of deposit	370,930	627,611
Purchase of property and equipment	(18,251)	(29,167)
Net cash (used in) investing activities	(236,463)	(13,407)
Increase (decrease) in cash	536,011	(262,329)
Cash		
Beginning	141,807	404,136
Ending	\$ 677,818	\$ 141,807

See Notes to Financial Statements.

CLIMB
d/b/a CLIMB Wyoming

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: CLIMB d/b/a CLIMB Wyoming (the “Organization”) is a non-profit corporation which 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.

Basis of presentation: The Organization has adopted the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification (ASC), as the basis of presentation of its financial statements. This Topic, being ASC 958, establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. It also requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed conditions. A description of the three net asset categories follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or by the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

A summary of significant accounting policies follows:

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

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 the U.S. Federal, state or local tax authorities except for the last three years filed.

Cash: The Organization maintains its cash in bank deposit accounts which, 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.

Pledges receivable: Pledges receivable represents 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, 2016 and 2015. Amortization of the discount is included in donation income. The unamortized discount was \$21,300 and \$37,496 as of September 30, 2016 and 2015, respectively.

CLIMB
d/b/a CLIMB Wyoming

NOTES TO FINANCIAL STATEMENTS

Gross pledges receivable, prior to the discount and allowance for doubtful accounts, as of September 30, 2016 and 2015 are due in:

	<u>2016</u>		<u>2015</u>
Less than one year	\$ 178,929	\$	365,635
One to five years	186,525		361,396
	<u>\$ 365,454</u>	\$	<u>727,031</u>

Investments: The Organization accounts for its investments under Statement of Financial Accounting Board Codification Topic 958, *Accounting for Certain Investments Held by Not-for-Profit Organizations* (Topic 958). Under Topic 958, 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. Non-brokered certificates of deposit are presented separately on the face of the Statement of Financial Position and are carried at cost. Brokered certificates of deposit are included within investments disclosed in Note 4 and are reported at fair value. The investment portfolio disclosed in Note 4 is diversified among major industry sectors.

Fair value measurements: Statement of Financial Accounting Standards Board Codification Topic 820, *Fair Value Measurements and Disclosures* establishes a framework for fair value measurement and disclosure. It requires that assets and liabilities carried at fair value will 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 Organization has valued its investments utilizing the Level 1 approach.

Depreciation: The Organization follows the policy of charging to operating expenses annual amounts of depreciation which allocates the cost of furniture and equipment over their estimated useful lives. The Organization employs the straight-line method of determining the annual charge for depreciation. Furniture and equipment are depreciated over their useful lives of three to seven years. Expenditures for repairs and maintenance are expensed when incurred.

Grants: 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. Grant revenue is recognized when earned through expenditure. Grant revenue is deferred when amounts received from grant and contract sponsors have not yet been earned under the terms of the agreement.

CLIMB
d/b/a CLIMB Wyoming

NOTES TO FINANCIAL STATEMENTS

Gifts and contributions: Unconditional donor promises to give cash and other assets are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that sufficiently limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported on the Statements of Activities as net assets released from restrictions.

Functional allocation of expenses: The costs of providing program and supporting services have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

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 February 24, 2017, the date the financial statements were available to be issued.

Note 2. Related Party Transactions

During the years ended September 30, 2016 and 2015, the Organization contracted with related parties for office space in the amount of \$30,036 each year, and for consulting services in the amounts of \$2,780 and \$1,950, respectively. During the years ended September 30, 2016 and 2015, the Organization received donations from related parties totaling \$63,170 and \$7,950, respectively, and had pledges receivable from related parties at year end totaling \$39,100 and \$11,304, respectively.

Note 3. Restricted Funds and Endowment

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 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 \$456,707 and \$335,624 during the years ended September 30, 2016 and 2015, respectively. As of September 30, 2016 and 2015, temporarily restricted net assets of \$839,055 and \$672,436, respectively, are available for donor specified CLIMB Wyoming programs, geographic locations, or expenditure classes.

CLIMB
d/b/a CLIMB Wyoming

NOTES TO FINANCIAL STATEMENTS

As of September 30, 2016 and 2015, the Organization had received a donor-restricted endowment totaling \$500,000, which is classified within permanently restricted net assets. As of September 30, 2016 and 2015, \$3,174 and \$33,578, respectively, of these permanent endowment funds are temporarily being held as cash until suitable investment opportunities are identified and the remaining \$541,668 and \$364,103, respectively, have been invested in equity and debt securities, mutual funds, and certificates of deposit. 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, 2016 and 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2016				
Endowment net assets, beginning of year	\$ (2,319)	\$ -	\$ 500,000	\$ 497,681
Investment return:				
Interest/dividend income	-	5,485	-	5,485
Realized and unrealized gains	2,319	39,357	-	41,676
Endowment net assets, end of year	\$ -	\$ 44,842	\$ 500,000	\$ 544,842
2015				
Endowment net assets, beginning of year	\$ -	\$ 6,400	\$ 300,000	\$ 306,400
Investment return:				
Interest/dividend income	-	8,440	-	8,440
Realized and unrealized (losses)	(2,319)	(14,840)	-	(17,159)
Contributions	-	-	200,000	200,000
Endowment net assets, end of year	\$ (2,319)	\$ -	\$ 500,000	\$ 497,681

CLIMB
d/b/a CLIMB Wyoming

NOTES TO FINANCIAL STATEMENTS

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 funds absent any explicit donor stipulation to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: a) the original value of gifts donated to 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In the event the donor-restricted endowment fund experiences losses that exceed any accumulation of temporarily restricted net assets, such losses are recorded as a reduction in unrestricted net assets after all related temporarily restricted net assets have been eliminated. 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.

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 cost and fair values of marketable securities are as follows at September 30, 2016 and 2015:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Marketable securities:				
Certificates of deposit	\$ 93,539	\$ 94,124	\$ -	\$ -
Equity securities	408,509	461,805	228,478	222,953
Debt securities	67,816	62,295	-	-
Mutual funds	25,000	26,247	150,170	141,150
Total marketable securities	\$ 594,864	\$ 644,471	\$ 378,648	\$ 364,103

CLIMB
d/b/a CLIMB Wyoming

NOTES TO FINANCIAL STATEMENTS

Note 5. Economic Dependence

During the years ended September 30, 2016 and 2015, the Organization was highly dependent on grant revenue and contracted services revenue received from the State of Wyoming through grants and contracts provided by the Department of Family Services. Revenue from this source accounted for approximately 66% and 55% of total revenue for the years ended September 30, 2016 and 2015, respectively.

Note 6. Lease Commitments

The Organization leases office space and a phone system under various leases which expire through February 28, 2020. The total minimum lease commitment at September 30, 2016 under these leases is as follows:

2017	280,498
2018	218,964
2019	55,024
2020	11,810
	<u>\$ 566,296</u>

Rental expense for all operating leases included in the Statement of Activities totaled \$349,231 and \$339,827, including the in-kind rental expense of \$12,000 and \$9,250, for the years ended September 30, 2016 and 2015, respectively.

Note 7. Recently Issued Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment affects Not-for-Profits and the users of their general-purpose financial statements. This amendment improves the current net assets classification requirements and the information presented in financial statements and notes about a not-for-profit's liquidity, financial performance, and cash flows. This amendment is effective for fiscal years beginning after December 15, 2017. Early adoption is allowed. Upon adoption, the amendment must be applied retrospectively in the year the amendment is first applied. The Organization is currently evaluating the impact that the provisions of this ASU will have on the Organization's financial statements.

CLIMB
d/b/a CLIMB Wyoming

SCHEDULES OF FUNCTIONAL EXPENSES
Years Ended September 30, 2016 and 2015

	2016				2015			
	Program Services	Management and Support	Fundraising	Total	Program Services	Management and Support	Fundraising	Total
Program coordination and salary	\$ 1,467,688	\$ 236,941	\$ 249,194	\$ 1,953,823	\$ 1,064,132	\$ 198,985	\$ 336,862	\$ 1,599,979
Facility	384,361	25,397	26,535	436,293	351,218	27,114	34,149	412,481
Participant tuition	112,721	-	-	112,721	211,025	-	-	211,025
Participant wage reimbursement	194,640	-	-	194,640	101,351	-	-	101,351
Mental health provider	328,158	-	-	328,158	304,019	-	-	304,019
Employer payroll taxes	139,876	18,914	21,016	179,806	103,741	15,673	29,600	149,014
Employee benefits	127,646	25,190	34,953	187,789	82,199	16,965	34,643	133,807
Participant incentives	100,040	-	-	100,040	86,578	-	-	86,578
Staff development and training	154,521	9,821	10,045	174,387	95,504	7,714	25,365	128,583
Contracted services	130,301	39,234	17,203	186,738	61,208	27,354	25,873	114,435
Participant and employer recruitment	314,306	-	-	314,306	169,714	-	-	169,714
Staff travel	44,442	8,157	12,989	65,588	39,274	3,686	13,231	56,191
Participant group life skills training	120,462	-	-	120,462	47,112	-	-	47,112
Fundraising expense	-	-	28,143	28,143	-	-	62,468	62,468
Participant career clothing	30,230	-	-	30,230	23,056	-	-	23,056
Depreciation expense	9,346	10,474	11,127	30,947	22,399	2,389	5,077	29,865
Office supplies	75,800	9,178	17,951	102,929	18,571	3,284	6,160	28,015
Insurance	16,597	1,862	3,261	21,720	15,172	4,299	316	19,787
Graduate services	11,658	-	-	11,658	7,730	-	-	7,730
Participant transportation assistance	7,698	-	-	7,698	5,802	-	-	5,802
Participant recognition events	10,374	-	-	10,374	4,296	-	-	4,296
Participant license and certification	12,703	-	-	12,703	10,846	-	-	10,846
Repair and maintenance	2,040	563	581	3,184	2,139	486	836	3,461
Participant screenings	7,737	-	-	7,737	7,209	-	-	7,209
GED instruction	727	-	-	727	1,967	-	-	1,967
Bad debt expense	-	-	30,750	30,750	-	-	2,197	2,197
Substance abuse evaluation and collaborative treatment	1,110	-	-	1,110	160	-	-	160
	\$ 3,805,182	\$ 385,731	\$ 463,748	\$ 4,654,661	\$ 2,836,422	\$ 307,949	\$ 576,777	\$ 3,721,148