AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

Climb

WYOMING

Restoring Hope for Generations

CLIMB
d/b/a CLIMB WYOMING

FINANCIAL REPORT

SEPTEMBER 30, 2019

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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, 2019 and 2018, and the related Statements of Activities, Functional Expenses, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, 2019 and 2018, 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 Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is 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 audit 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2020 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. 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 7, 2020

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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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, 2019 and 2018, 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.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
February 7, 2020

Climb
d/b/a Climb Wyoming

Statements of Financial Position
September 30, 2019 and 2018

ASSETS	**2019**	2018
Current Assets		
Cash and cash equivalents	**$ 1,383,052**	$ 921,872
Certificates of deposit	**501,713**	260,371
Grants receivable	**952,655**	948,352
Other receivables	**193**	6,856
Pledges receivable, net of doubtful accounts (2019 $8,494; 2018 $14,598) (Note 2)	**213,773**	278,012
Prepaid contracted services	**17,305**	16,067
Prepaid rent and insurance	**15,817**	15,786
	3,084,508	2,447,316
Noncurrent Assets		
Investments (Note 4)	**126,399**	125,567
Cash held for permanent endowment (Note 3)	**6,832**	5,267
Investments held for permanent endowment (Notes 3 and 4)	**992,643**	987,718
Certificates of deposit	**369,633**	597,308
Pledges receivable, net of discount	**131,744**	194,470
Furniture and equipment, net of accumulated depreciation (2019 $169,419; 2018 $177,095)	**9,780**	16,934
	1,637,031	1,927,264
Total assets	**$ 4,721,539**	$ 4,374,580
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 126,613**	$ 141,461
Deferred revenue	**376,498**	322,103
Total liabilities	**503,111**	463,564
Net Assets		
Without donor restrictions	**2,515,937**	2,200,330
With donor restrictions (Note 3)	**1,702,491**	1,710,686
Total net assets	**4,218,428**	3,911,016
Total liabilities and net assets	**$ 4,721,539**	$ 4,374,580

See Notes to Financial Statements.

Climb
d/b/a Climb Wyoming

Statements of Activities
Years Ended September 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Additions to Net Assets						
Federal grant revenue	$ 4,182,945	$ -	$ 4,182,945	$ 4,019,987	$ -	$ 4,019,987
Individual and corporate donation income	747,585	341,095	1,088,680	939,132	346,542	1,285,674
Foundation and corporate grant revenue	131,881	348,134	480,015	30,427	370,993	401,420
State and local grant revenue	170,347	-	170,347	86,295	-	86,295
Realized and unrealized gains (losses) on investments	-	(7,181)	(7,181)	-	71,793	71,793
Interest income	15,482	14,459	29,941	13,130	13,584	26,714
Miscellaneous income	9,693	-	9,693	8,850	5	8,855
	5,257,933	696,507	5,954,440	5,097,821	802,917	5,900,738
Net Assets Released from Restrictions (Note 3)	704,702	(704,702)	-	732,857	(732,857)	-
Total revenue and additions	5,962,635	(8,195)	5,954,440	5,830,678	70,060	5,900,738
Expenses and Reductions in Net Assets						
Program services	4,574,363	-	4,574,363	4,423,412	-	4,423,412
Management and support	672,085	-	672,085	503,822	-	503,822
Fundraising	400,580	-	400,580	399,768	-	399,768
Total expenses and reductions	5,647,028	-	5,647,028	5,327,002	-	5,327,002
Net increase (decrease) in net assets	315,607	(8,195)	307,412	503,676	70,060	573,736
Net Assets, beginning of year	2,200,330	1,710,686	3,911,016	1,696,654	1,640,626	3,337,280
Net Assets, end of year	$ 2,515,937	$ 1,702,491	$ 4,218,428	$ 2,200,330	$ 1,710,686	$ 3,911,016

See Notes to Financial Statements.

Climb
d/b/a Climb Wyoming

Statements of Functional Expenses
Years Ended September 30, 2019 and 2018

	2019				2018			
	Program Services	**Management and Support**	**Fundraising**	**Total**	Program Services	Management and Support	Fundraising	Total
Program coordination and salary	**$ 1,754,338**	**$ 475,736**	**$ 239,416**	**$ 2,469,490**	$ 1,699,794	$ 341,863	$ 227,642	$ 2,269,299
Mental health provider	**568,325**	**-**	**-**	**568,325**	383,442	-	-	383,442
Facility	**385,236**	**31,024**	**30,662**	**446,922**	373,052	25,530	25,821	424,403
Participant tuition	**348,894**	**-**	**-**	**348,894**	250,254	-	-	250,254
Contracted services	**225,973**	**45,786**	**13,094**	**284,853**	256,665	22,282	14,563	293,510
Employee health and retirement benefits	**198,765**	**38,649**	**13,897**	**251,311**	171,159	38,211	18,687	228,057
Employer payroll taxes	**153,858**	**42,830**	**22,078**	**218,766**	152,520	30,283	20,946	203,749
Participant wage reimbursement	**211,083**	**-**	**-**	**211,083**	242,289	-	-	242,289
Staff travel	**120,793**	**7,670**	**17,259**	**145,722**	101,128	7,979	21,589	130,696
Participant and employer recruitment	**135,183**			**135,183**	188,456	213	319	188,988
Staff development and training	**105,471**	**15,656**	**6,007**	**127,134**	165,296	13,889	9,946	189,131
Participant incentives	**120,083**	**-**	**-**	**120,083**	114,920	-	-	114,920
Participant group life skills training	**69,371**	**-**	**-**	**69,371**	111,008	-	-	111,008
Office supplies	**51,704**	**7,192**	**8,829**	**67,725**	72,771	16,546	6,592	95,909
Fundraising events and mailing	**-**	**-**	**38,530**	**38,530**	-	-	46,674	46,674
Participant career clothing	**35,242**	**-**	**-**	**35,242**	35,613	-	-	35,613
Insurance	**16,437**	**5,316**	**2,018**	**23,771**	20,790	3,733	1,932	26,455
Participant transportation assistance	**16,556**	**-**	**-**	**16,556**	17,632	-	-	17,632
Participant license and certification	**15,437**	**-**	**-**	**15,437**	12,283	-	-	12,283
Graduate services	**14,555**	**-**	**-**	**14,555**	13,832	-	-	13,832
Participant screenings	**9,597**	**-**	**-**	**9,597**	10,471	-	-	10,471
Participant recognition events	**9,161**	**-**	**-**	**9,161**	9,570	-	-	9,570
Bad debt expense	**-**	**-**	**7,820**	**7,820**	-	-	3,590	3,590
Depreciation expense	**5,025**	**1,451**	**678**	**7,154**	13,441	1,619	1,134	16,194
Repair and maintenance	**2,832**	**775**	**292**	**3,899**	6,576	1,674	333	8,583
Substance abuse evaluation and collaborative treatment	**350**	**-**	**-**	**350**	340	-	-	340
GED instruction	**94**	**-**	**-**	**94**	110	-	-	110
	$ 4,574,363	**$ 672,085**	**$ 400,580**	**$ 5,647,028**	$ 4,423,412	$ 503,822	$ 399,768	$ 5,327,002

See Notes to Financial Statements.

Climb
d/b/a Climb Wyoming

Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Net increase in net assets	**$ 307,412**	$ 573,736
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation	**7,154**	16,194
Realized and unrealized (gain) loss on investments held for endowment	**6,491**	(62,880)
Realized and unrealized (gain) loss on investments	**690**	(8,913)
Contributions received for endowment purposes	**(100)**	(100)
Change in operating assets and liabilities:		
Prepaid expenses	**(1,269)**	(109)
Receivables	**129,325**	(401,453)
Accounts payable and accrued expenses	**(14,848)**	7,704
Deferred revenue	**54,395**	310,329
Net cash provided by operating activities	**489,250**	434,508
Cash Flows from Investing Activities		
Cash invested (held) for permanent endowment	**(1,565)**	533
Purchase of investments - permanent endowment	**(433,378)**	(299,364)
Purchase of investments	**(47,522)**	(29,806)
Sale of investments - permanent endowment	**421,962**	286,513
Sale of investments	**46,000**	28,472
Purchase of certificates of deposit	**(404,105)**	(502,813)
Redemption of certificates of deposit	**390,438**	391,277
Purchase of property and equipment	**-**	(4,775)
Net cash (used in) investing activities	**(28,170)**	(129,963)
Cash Flows from Financing Activities		
Contributions restricted for endowment purposes	**100**	100
Increase in cash and cash equivalents	**461,180**	304,645
Cash and Cash Equivalents		
Beginning	**921,872**	617,227
Ending	**$ 1,383,052**	$ 921,872

See 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 not-for-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.

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 the *Not-for-Profit Entities* Topic 958 of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 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. 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, where the donor has stipulated the funds must be maintained in perpetuity.

It 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 the 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.

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 and cash equivalents.

<u>Pledges receivable</u>: 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, 2019 and 2018. Amortization of the discount is included in donation income. The unamortized discount was $14,056 and $24,380 as of September 30, 2019 and 2018, respectively.

Gross pledges receivable, prior to the discount and allowance for doubtful accounts, as of September 30, 2019 and 2018 are due in:

	2019	2018
Less than one year	**$ 222,267**	$ 292,610
One to five years	**145,800**	218,850
	$ 368,067	$ 511,460

<u>Investments</u>: The Organization accounts for its investments under ASC Topic 958, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. 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. Non-brokered certificates of deposit are presented separately on the face of the Statement of Financial Position and are carried at cost plus accrued interest. 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.

<u>Fair value measurements</u>: ASC 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 asset 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 invests in professionally managed portfolios. The Organization has valued these investments utilizing the Level 1 approach, with the exception of brokered certificates of deposit and debt securities, which are valued utilizing the Level 2 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.

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 with donor restrictions 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, with donor restrictions net assets are reclassified to net assets without donor restrictions 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 reported on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted, 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.

Subsequent events: Events occurring subsequent to the Statement of Financial Position date have been evaluated for financial statement impact or disclosure through February 7, 2020, the date the financial statements were available to be issued.

Note 2. Related-Party Transactions

During the years ended September 30, 2019 and 2018, the Organization contracted with related parties for office space in the amount of $36,097 and $30,036 each year, and for consulting services in the amounts of $0 and $1,023, respectively. During the years ended September 30, 2019 and 2018, the Organization received donations from related parties totaling $27,259 and $41,163, respectively, and had pledges receivable from related parties at year end totaling $25,944 and $33,889, 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 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 $704,702 and $732,857 during the years ended September 30, 2019 and 2018, respectively. As of September 30, 2019, and 2018, net assets with donor restrictions of $703,016 and $717,701, respectively, are available for donor-specified Climb Wyoming programs, geographic locations, or expenditure classes.

As of September 30, 2019, and 2018, the Organization had received donor-restricted endowments totaling $999,475 and $992,985, respectively, which are classified within net assets with donor restrictions. As of September 30, 2019, and 2018, $6,832 and $5,267, respectively, of these permanent endowment funds are temporarily being held as cash until suitable investment opportunities are identified and the remaining $992,643 and $987,718, respectively, have been invested in equity and debt securities, mutual funds, U.S. Treasury securities, 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, 2019 and 2018 are as follows:

	Without Restrictions	**With Restrictions**	**Total**
		2019	
Endowment net assets, beginning of year	**$ -**	**$ 992,985**	**$ 992,985**
Investment return:			
Investment income, net	**-**	**6,390**	**6,390**
Donation income	**-**	**100**	**100**
Endowment net assets, end of year	**$ -**	**$ 999,475**	**$ 999,475**

	Without Restrictions	With Restrictions	Total
		2018	
Endowment net assets, beginning of year	$ -	$ 917,787	$ 917,787
Investment return:			
Investment income, net	-	75,098	75,098
Donation income	-	100	100
Endowment net assets, end of year	$ -	$ 992,985	$ 992,985

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 Foundation classifies donor-restricted net assets: (*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.

<u>Funds with deficiencies</u>: 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 continued appropriation for certain programs that are deemed prudent by the Board of Directors. There were no deficiencies of this nature as of September 30, 2019 or 2018.

<u>Endowment return objectives, risk parameters and spending policy</u>: 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, 2019 and 2018:

	2019		2018	
	Cost	**Fair Value**	Cost	Fair Value
Certificates of deposit, brokered	**$ 42,883**	**$ 42,986**	$ 133,720	$ 132,783
Equity securities	**614,367**	**784,839**	608,247	793,794
U.S. Treasury securities	**267,071**	**264,881**	159,558	160,908
Mutual funds	**25,000**	**26,336**	25,000	25,800
Total marketable securities	**$ 949,321**	**$ 1,119,042**	$ 926,525	$ 1,113,285

The Organization's investment portfolio is subject to concentration of credit risk. At September 30, 2019, there were three investments totaling $617,792, where the individual investment was greater than or equal to 10% of the fair value of the investment portfolio. At September 30, 2018, there were three investments totaling $628,050.

Note 5. Economic Dependence

During the years ended September 30, 2019 and 2018, 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 65% and 63% of total revenue for the years ended September 30, 2019 and 2018, respectively.

Note 6. Lease Commitments

The Organization leases office space and a telephone system under various leases, which expire through November 30, 2022. The total minimum lease commitment at September 30, 2019 under these leases is as follows:

2020	$ 327,614
2021	145,571
2022	84,253
2023	11,440
	$ 568,878

Rental expense for all operating leases included in the Statements of Function Expenses totaled $360,028 and $350,992, including the in-kind rental expense of $9,000 and $9,000 for the years ended September 30, 2019 and 2018, respectively.

Note 7. Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs, Organization support expectations, and other contractual commitments. The Organization has $2,134,597 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenses consisting of cash and cash equivalents of $1,383,052, certificates of deposit of $501,713, grant receivables of $952,848, less $703,016 of net assets with donor restrictions not specifically identified. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenses within one year of the Statement of Financial Position date.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

Note 8. Recently Issued Accounting Pronouncements

Adopted:

In August 2016, the FASB issued Accounting Standards Update (ASU) 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 asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. This amendment is effective for fiscal years beginning after December 15, 2017. Upon adoption, the amendment must be applied retrospectively in the year the amendment is first applied. The presentation and disclosure provisions of this statement were applied to the Organization's financial statements as of September 30, 2019.

Upcoming:

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This amendment clarifies the principles for recognizing revenue and develops a common revenue standard for accounting principles generally accepted in the United States of America (U.S. GAAP) and International Financial Reporting Standards (IFRS). Specifically, this amendment removes inconsistencies and weaknesses in revenue requirements; provides a more robust framework for addressing revenue issues; improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets; provides more useful information to users of financial statements through improved disclosure requirements; and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer.

In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09. Subsequent to ASU 2015-14, the FASB has issued additional ASUs that affect the guidance in ASU 2014-09. For nonpublic entities, the amendments in all ASUs related to Topic 606 are effective for fiscal years beginning after December 15, 2018; early adoption is allowed. Upon adoption, the amendment must be applied retrospectively to all periods presented.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. 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 lease liabilities on the Statement of Financial Position and disclosing key information about lease arrangements. In October 2019, the FASB issued ASU 2019-10, which deferred the effective date of ASU 2016-02. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2020. Early adoption is allowed. Upon adoption, the amendment must be applied to the beginning of the earliest period presented using a modified retrospective approach.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958)*: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments clarify and improve current guidance about 1) evaluating whether a transaction should be accounted for as a contribution or an exchange transaction and 2) determining whether a contribution is conditional. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2018 for entities that serve as the resource recipient or December 15, 2019 for entities that serve as the resource provider. Upon adoption, the amendments must be applied on a modified prospective basis to agreements that are either not yet completed or are not yet entered into as of the effective date, although retrospective application is permitted.

The Organization is currently evaluating the impacts that the provisions of the above statements will have on the Organization’s financial statements.