

**THE BUDDY PROGRAM, INC.**

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION

December 31, 2021

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**Maggard  
& Hood, P.C.**

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CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
The Buddy Program, Inc.  
Aspen, Colorado

**INDEPENDENT ACCOUNTANTS' REPORT**

We have audited the accompanying financial statements of The Buddy Program, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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**

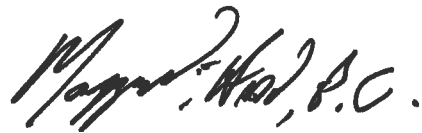
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

**Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Buddy Program, Inc., at December 31, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



MAGGARD & HOOD, P.C.  
Glenwood Springs, Colorado  
May 3, 2022

**THE BUDDY PROGRAM, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash and Cash Equivalents	\$ 659,812	\$ 10,419	\$ 670,231
Grants & Contributions Receivable	68,596	-	68,596
Other Receivables	-	-	-
Prepaid Expenses	19,177	-	19,177
TOTAL CURRENT ASSETS	747,585	10,419	758,004
<u>FIXED ASSETS:</u>			
Property, Vehicles & Equipment, Net	61,145	-	61,145
TOTAL FIXED ASSETS	61,145	-	61,145
<u>OTHER ASSETS:</u>			
Security Deposits	3,271	-	3,271
Beneficial Interest in Assets Held by Comm. Fdtn	38,941	25,000	63,941
Long-term Investments	1,167,521	395,196	1,562,717
TOTAL OTHER ASSETS	1,209,733	420,196	1,629,929
TOTAL ASSETS	\$ 2,018,463	\$ 430,615	\$ 2,449,078
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts Payable	\$ 24,935	\$ -	\$ 24,935
Accrued Payroll Liabilities	43,473	-	43,473
Compensated Absences	9,480	-	9,480
Deferred Revenues	23,222	-	23,222
Other Liabilities	946	-	946
TOTAL CURRENT LIABILITIES	102,056	-	102,056
<u>NET ASSETS:</u>			
Without Donor Restrictions			
Unreserved	709,945	-	709,945
Reserved by Board Designation	1,206,462	-	1,206,462
With Donor Restrictions	-	430,615	430,615
TOTAL NET ASSETS	1,916,407	430,615	2,347,022
TOTAL LIABILITIES AND NET ASSETS	\$ 2,018,463	\$ 430,615	\$ 2,449,078

The accompanying notes are an integral part of these financial statements.

**THE BUDDY PROGRAM, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUES AND OTHER SUPPORT</b>			
PUBLIC SUPPORT:			
Grants	\$ 169,129	\$ 108,610	\$ 277,739
Contributions	402,181	56,000	458,181
Special Events	1,222,752	-	1,222,752
PROGRAM REVENUES:			
Client Fees and Other	-	-	-
OTHER:			
Paycheck Protection Program Grant	198,050	-	198,050
Gain/(Loss) on Disposition of Fixed Assets	-	-	-
Interest and Investment Earnings	191,387	-	191,387
NET ASSETS RELEASED FROM RESTRICTIONS:			
Satisfaction of Purpose Restrictions	164,792	(164,792)	-
TOTAL REVENUE AND OTHER SUPPORT	2,348,291	(182)	2,348,109
<b>EXPENSES:</b>			
Program Expenses:			
Community Programs	584,735	-	584,735
Peer-to-Peer Programs	32,256	-	32,256
LEAD (Experiential) Programs	396,458	-	396,458
Higher Education Scholarships	1,000	-	1,000
Supporting Service Expenses:			
Management and Administration	128,605	-	128,605
Fundraising	404,989	-	404,989
Special Events Expenses	226,286	-	226,286
TOTAL EXPENSES	1,774,329	-	1,774,329
CHANGE IN NET ASSETS	573,962	(182)	573,780
NET ASSETS-BEGINNING OF YEAR	1,342,445	430,797	1,773,242
NET ASSETS-END OF YEAR	\$ 1,916,407	\$ 430,615	\$ 2,347,022

The accompanying notes are an integral part of these financial statements.

**THE BUDDY PROGRAM, INC.**  
**SCHEDULE OF PROGRAM EXPENSES**  
For the Year Ended December 31, 2021

	<u>Programs</u>	<u>Management &amp; Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>
<u>Direct Program Expenses</u>				
<i>Community Programs</i>				
Activities-Community & School Based	\$ 7,876	\$ -	\$ -	\$ 7,876
Training & Volunteer Screening	7,063	-	-	7,063
Travel & Mileage Reimbursement	72	-	-	72
Other Direct Program Expenses	438	-	-	438
<i>Peer-to-Peer Programs</i>				
Activities-School Based	358	-	-	358
Training & Volunteer Screening	-	-	-	-
School Liaisons	888	-	-	888
Other Direct Program Expenses	213	-	-	213
<i>LEAD (Experiential) Programs</i>				
Activities	3,286	-	-	3,286
Buddy Bus	2,451	-	-	2,451
Outdoor Leadership-High School	14,142	-	-	14,142
Outdoor Leadership-Middle School	5,787	-	-	5,787
Youth Camp	9,122	-	-	9,122
Salaries-Direct	174,218	-	-	174,218
Travel & Mileage Reimbursement	341	-	-	341
Other Direct Program Expenses	1,115	-	-	1,115
<u>Indirect Operating Expenses</u>				
Salaries	474,070	90,314	271,140	835,524
Employee Benefits	91,034	12,682	38,074	141,790
Payroll Taxes	47,146	6,568	19,718	73,432
Professional Fees/Bookkeeping	22,173	3,089	9,274	34,536
Advertising & Promotion	8,039	-	22,865	30,904
Office Expenses	2,982	415	1,247	4,644
Information Technology	31,589	2,106	8,424	42,119
Occupancy	23,855	3,323	9,977	37,155
Travel & Mileage Reimbursement	213	30	89	332
Conferences and Meetings	1,322	155	117	1,594
Depreciation	19,666	2,740	1,179	23,585
Insurance	14,979	5,027	1,765	21,771
Counseling	6,051	-	-	6,051
Credit Card Fees	6,278	-	14,649	20,927
Volunteer Recruitment/Training	4,761	-	-	4,761
Fundraising Expenses	-	-	1,116	1,116
Higher Education Scholarships	1,000	-	-	1,000
Program Empowerment Scholarships	11,000	-	-	11,000
Other Indirect Expenses	20,921	2,156	5,355	28,432
SUBTOTAL EXPENSES	1,014,449	128,605	404,989	1,548,043
Special Events Expenses	-	-	-	226,286
TOTAL EXPENSES	<u>\$ 1,014,449</u>	<u>\$ 128,605</u>	<u>\$ 404,989</u>	<u>\$ 1,774,329</u>

The accompanying notes are an integral part of these financial statements.

**THE BUDDY PROGRAM, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Grants and Contributions	\$ 640,540
Receipts from Special Events/Other	1,223,302
Receipts from Program Fees	-
Receipts from Paycheck Protection Program Grant	198,050
Payments to Employees	(1,009,934)
Payments to Vendors (including \$219,836 for Special Events)	(755,846)
Payments for Higher Education Scholarships	<u>(1,000)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>295,112</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Payments for Property and Equipment	-
Interest, Dividends and Capital Gain Distributions	25,532
Proceeds from the Sale of Investments	362,172
Payments for the Purchase of Investments	(349,980)
Payments for Investments Fees	(13,878)
Transfers to Board Designated Reserves	<u>(151,089)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(127,243)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	167,869
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>502,362</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 670,231</u>

SUPPLEMENTARY INFORMATION:

Noncash Contributions	<u>\$ 3,050</u>
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The accompanying notes are an integral part of these financial statements.

**THE BUDDY PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

ORGANIZATION

The Buddy Program, Inc. (the Organization) is a non-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code and incorporated under Article 40, Title 7 of the Colorado Revised Statutes. Operations are centralized in the Roaring Fork Valley of Colorado. The Organization was formed in October 1989 exclusively for charitable purposes, including the promotion of well-being, confidence and self-esteem of school age children in the Roaring Fork Valley of Colorado.

Since inception, the Buddy Program has been pairing screened and trained adult volunteer mentors with young people, ages 6-17, in the Roaring Fork Valley. All volunteer mentors complete an application, interview, background screening and training process. Children who have similar interests and hobbies are paired with an adult Big Buddy in either the Community program, School-based program, or with a high school student in the Peer-to-Peer program. Children are referred by teachers, counselors, parents, or social services case workers. While many children are in The Buddy Program simply because they do not have both parents nearby, or their parents work several jobs, some are referred because of the death of a parent, abuse, social or peer problems, or they have special needs. Over the years, additional benefits for participating youth have been implemented, including paying for therapeutic counseling, scholarships for extracurricular activities and continuing education, and connecting youth and their families with other agencies as necessary. With supervision and support from the Buddy Program staff, Big Buddies provide support, guidance and coaching as Little Buddies face new challenges and decisions, build new friendships and develop a sense of responsibility.

In addition, the Buddy Program offers the LEAD program (Experiential Group Mentoring services and Monthly Life Skills sessions) which are designed to address the needs of high-risk teens from Aspen to Parachute, Colorado, who struggle to cope in home, community and academic settings. Through participation, youth improve life skills, increase self-esteem, learn to make better decisions, address gender and trust issues, set realistic and achievable goals, challenge self-destructive behaviors, and share their personal stories within a safe and supportive environment. Participants also engage in community service and recreational activities. These workshops are helping the most at-risk children in the Roaring Fork Valley to overcome obstacles that may otherwise prevent them from becoming successful young adults.

The Buddy Program also currently offers extracurricular and secondary education scholarships.

The Organization is governed by a Board of Directors which conducts the business and affairs of the Organization. The Bylaws dictate a membership of not less than fifteen nor more than thirty Directors. An Executive Director, whom is appointed by the Board, functions as the chief administrator and is directly responsible to the Board.



**THE BUDDY PROGRAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

BASIS OF ACCOUNTING AND PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, subsection 205, *Presentation of Financial Statements*, effective January 1, 2018, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations. Under these provisions, net assets and revenues, and gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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. The Organization's Board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors or grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization has implemented the provisions of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*.

CONTRIBUTIONS

Unconditional contributions are recognized when pledged or recorded as net assets without donor restrictions or as net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Any contributions that are restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

The Organization receives donated services from unpaid volunteers who assist in projects and fundraising. No amounts have been recognized in the statement of activities as the criteria for recognition have not been satisfied.

**THE BUDDY PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

SUPPORT AND REVENUE

The Organization receives grant revenue from local Governments and other agencies. Support received from unrestricted grants is recognized when received, while restricted grants are recognized as funds are expended on program activities. Restricted grants that have not yet been expended on program activities are therefore unearned and the amount is recorded as deferred grant revenues as of year-end. If the Organization receives fees for services, they are recognized concurrently with services provided.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor, if applicable, are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investment return is presented net of investment fees. Investments are insured by the Securities Investor Protection Corporation (SIPC).

The Organization's endowment consists of funds established for the long-term continuity of the organization. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding the programs supported by its endowment funds while maintaining endowment assets over the long-term.

The Board of Directors of the Organization has interpreted the 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 explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets as (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 either as Board Designated or unrestricted net assets. 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization's investment policies.

**THE BUDDY PROGRAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

RECEIVABLES

The Organization considers receivables to be fully collectible; therefore, no allowance for doubtful accounts is considered necessary for any outstanding receivable balances. After reasonable collection efforts are made by management, the direct write-off method is used to recognize bad debt expense on any uncollectible accounts.

PROPERTY AND EQUIPMENT

Acquisitions of furniture, equipment, vehicles and other capital assets are capitalized at cost or, if donated, at the approximate fair value at the date of donation. It is the Organization's policy to capitalize expenditures for assets with an estimated useful life of more than one year; lesser amounts are expensed. Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Office Furniture	7 years
Office Equipment	3-5 years
Leasehold Improvements	10-40 years

COMPENSATED ABSENCES

The Organization accrues a liability for unused vacation leave at the end of each year. Employees are not paid for accumulated sick leave upon retirement or termination, therefore a liability for unpaid sick leave has not been accrued.

ALLOCATION OF FUNCTIONAL EXPENSES

The majority of the Organization's expenses are allocated on a consistent basis to the services benefited for program services, management and administration, and fundraising based on the percentage of time spent on each project or function compared to total time worked. In addition, costs which can be identified with specific activities are allocated directly to that program or function. Such allocations are determined by management. Indirect expenses that are allocated include the following:

- Advertising & Promotion
- Conferences and Meetings
- Employee Benefits & Payroll Taxes
- Information Technology
- Insurance
- Office Expenses
- Occupancy & Depreciation
- Other Indirect Expenses
- Professional Fees/Bookkeeping
- Travel & Mileage Reimbursement

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from estimates.

**THE BUDDY PROGRAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

INCOME TAXES

The Buddy Program, Inc. is a non-profit organization exempt under Code Section 501(c)(3) described under Code Sections 509(a)(1) and 170(b)(1)(A)(vi). The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions under the provisions of Section 170(b)(1)(A)(vi).

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization follows the use of a two-step approach for recognizing and measuring tax positions taken or expected to be taken in a tax return. First, a tax position should only be recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination by the taxing authority. Second, a tax position that meets the recognition threshold should be measured at the largest amount that has a greater than 50 percent likelihood of being sustained. The Organization had no material unrecognized tax benefits for the year ended December 31, 2021. As a result, no interest or penalties were accrued for unrecognized tax benefits during the year. The Organization is no longer subject to Federal or state income tax examinations by tax authorities for years before 2018.

*NOTE 2 - FAIR VALUES OF FINANCIAL INSTRUMENTS*

The Organization has adopted the provisions of FASB ASC 820-10 *Fair Value Measurements* for financial and non-financial assets and liabilities measured at fair value on a recurring basis. The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents and investments. Management estimates that the fair value of all financial instruments at year-end does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and cash equivalents approximate fair values because of short maturities of those instruments.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the broad levels as follows:

- Level 1: Inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 - inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded or other external independent means;
- Level 3 - inputs are unobservable and reflect assumptions on the part of the reporting entity.

**THE BUDDY PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

*NOTE 2 - FAIR VALUES OF FINANCIAL INSTRUMENTS - continued*

The following table sets forth information about the level with the fair value hierarchy at which the Organization's financial assets are measured on a recurring basis:

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 24,680	\$ -	\$ -	\$ 24,680
Trading securities	1,538,037	-	-	1,538,037
Beneficial interest in community foundation	-	-	63,941	63,941
Total - recurring basis	<u>\$ 1,562,717</u>	<u>\$ -</u>	<u>\$ 63,941</u>	<u>\$ 1,626,658</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) include investments in the common funds of a community foundation. A reconciliation of activity between the beginning and ending value of Level 3 assets (as well as the amount of total gains or losses for the year that are included in net unrestricted net assets attributable to the change in unrealized gains or losses related to assets still held at the reporting date) is not readily available and considered by management to be immaterial.

*NOTE 3 - CONCENTRATION OF CREDIT RISK/CASH AND CASH EQUIVALENTS*

The Organization maintains bank deposits at two financial institutions located in Colorado. Accounts at each of these institutions are insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2021, there were \$315,392 in deposits in excess of FDIC. A summary of cash and cash equivalents follows:

Bank Balances - Checking and Savings	\$ 678,929
Net Outstanding Items	<u>(8,698)</u>
Total Carrying Balance	<u>\$ 670,231</u>

*NOTE 4 - INVESTMENTS*

Investments are stated at fair value and consist of money market funds and mutual funds (primarily Class A) on deposit with Janney Montgomery Scott, LLC, and other long-term investments held by the Aspen Community Foundation as follows:

<u>December 31, 2020</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Money Market Funds and Cash	\$ 24,680	\$ 24,680	\$ -
Equities - Stocks and Mutual Funds	924,712	1,210,813	286,101
Fixed Income - Bonds/Preferred Securities	335,627	327,224	(8,403)
Beneficial Interest in Aspen Community Foundation	<u>25,000</u>	<u>63,941</u>	<u>38,941</u>
	<u>\$ 1,310,019</u>	<u>\$ 1,626,658</u>	316,639
Less Unrealized/(Gain) Loss Recognized in Prior Periods			<u>(215,249)</u>
Unrealized Gain/(Loss) Recognized in 2021			<u>\$ 101,390</u>

**THE BUDDY PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

*NOTE 4 - INVESTMENTS - continued*

Total return on investments is summarized as follows:

Interest and Dividend Income	\$ 25,532
Net Realized and Unrealized Gains	179,733
Less Brokerage Fees	<u>(13,878)</u>
Current Year Return on Investments	<u>\$ 191,387</u>

*NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION*

Included in other assets are amounts transferred to the Aspen Community Foundation, without variance power, in order to establish an Endowment account whereby the Organization has specified itself as the beneficiary. FASB Codification Section 958, *Not-for-Profit Entities*, subsection 605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, provides that the beneficiary organization report the amounts, and earnings thereon, as an asset and the recipient organization report the amounts as a liability. The original amount of \$25,000 has been classified as restricted for permanent endowment. Accumulated endowment earnings in the amount of \$38,941 are presented as unrestricted. The net aggregate beneficial interest carrying balance as of December 31, 2021 was \$63,941.

*NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS*

As of December 31, 2021, cash balances in the total amount of \$10,419 are temporarily restricted: \$9,601 for higher education scholarships and \$818 held in the 50<sup>th</sup> Anniversary Campaign Fund, a celebration to be recognized in 2023.

As of December 31, 2021, amounts restricted by donors for permanent endowment consist of \$395,196 held in investments and \$25,000 held by the Aspen Community Foundation as described in *Note 5* above. Accumulated earnings on permanently restricted endowments are unrestricted and available for general operations.

*NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS*

As of December 31, 2021, investments in the amount of \$1,206,462 are designated by the Board as net assets without donor restrictions for Quasi-Endowment reserves. This amount includes prior year designated balances of \$864,246 plus current year Board approved transfers of \$151,089 and current year endowment earnings of \$191,127.

As of December 31, 2021, net assets in the amount of \$709,945 are unreserved.

**THE BUDDY PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

*NOTE 8 - LIQUIDITY*

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and Cash Equivalents	\$ 670,231
Contributions Receivable	68,596
Other Receivables	-
Prepaid Expenses	<u>19,177</u>
	<u>\$ 758,004</u>

The Organization's financial assets listed above have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date and amounts set aside for long-term investing in endowments.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's Board Designated Quasi-Endowment balance of \$1,206,462 can be drawn upon in the event of an unforeseen liquidity need and can also be used as part of the Organization's annual budget appropriation process, although the intent is to not spend from these reserves other than amounts so appropriated.

*NOTE 9 - FIXED ASSETS*

The following is a summary of fixed assets and depreciation expense as of December 31:

Vehicle	\$ 38,900
Furniture & Equipment	70,016
Leasehold Improvements	36,499
Less Accumulated Depreciation	<u>(84,270)</u>
TOTAL	<u>\$ 61,145</u>
 <i>Depreciation expense:</i>	
Programs	\$ 19,666
Management and General	2,740
Fundraising	<u>1,179</u>
TOTAL	<u>\$ 23,585</u>

*NOTE 10 - COMMITMENTS*

The Organization leases office space under agreements renewable annually. The Organization is also leasing copier equipment for which the required total minimum annual lease obligations for the next five years is as follows:

<u>Year Ended December 31,</u>	
2022	\$ 2,700
2023	1,602
2024	1,602
2025	1,602
2026	<u>668</u>
TOTAL	<u>\$ 8,174</u>

**THE BUDDY PROGRAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

*NOTE 11- CONTRIBUTED MATERIALS & SERVICES*

The Organization received donations in the form of reduced or free for services. For the year ended December 31, 2021, the difference between the fair market value and actual amounts paid of \$3,050 has been reflected in the statement of activities as in-kind revenue and expense. The Organization does not recognize any support or expense from services contributed by volunteers as the value of these services is not susceptible to objective measurement or valuation.

*NOTE 12- SPECIAL EVENTS*

During 2021, the Organization conducted three major events designed to inform supporters about current operations and to introduce potential new donors to the Organization. For these events, total revenues of \$1,222,752 and total expenses of \$226,286 were recognized on the Statement of Activities. In-kind support for special events during the year ended December 31, 2021 was \$950 which is included in these amounts disclosed in *Note 11* above.

*NOTE 13- PAYCHECK PROTECTION PROGRAM GRANT*

During 2021, the Organization received a second Paycheck Protection Program ("PPP") loan in the amount of \$198,050 from the Small Business Administration. The loan accrued interest at 1.0% per annum, with no required payments for ten months after funding of the loan. The Organization fully utilized the funds for the PPP's intended purposes and the loan was forgiven in full per confirmation from the Small Business Administration in July 2021; therefore, the amount has been recorded as Paycheck Protection Program grant revenue in the Statement of Activities as of December 31, 2021.

*NOTE 14 - SUBSEQUENT EVENTS*

In accordance with SFAS No. 165, management of the Organization has evaluated events subsequent to December 31, 2021 through the issuance date of this report. In early 2020, a worldwide pandemic arose caused by the coronavirus (Covid-19), which negatively impacted the general operations of the Organization. Management has acknowledged the threat of the coronavirus; however, the long-term impact on operations is currently unknown as of the date of the auditor's report. There have been no additional material events noted during this period that would impact either the results reflected in this report or the Organization's results going forward.