THE BUDDY PROGRAM, INC.

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

December 31, 2022

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M & H
Maggard
& Hood, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT ACCOUNTANTS' REPORT

Opinion
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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Our Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Buddy Program, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism through the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Buddy Program's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Buddy Program's ability to continue as a going concern for a reasonable period of time.

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

Maggard & Hood, P.C.

MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
May 1, 2023

THE BUDDY PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 375,272	$ 517,111	$ 892,383
Grants & Contributions Receivable	157,554	592,520	750,074
Other Receivables	(1,937)	1,937	-
Prepaid Expenses	9,338	-	9,338
Total current assets	540,227	1,111,568	1,651,795
Fixed Assets:			
Property, Vehicles & Equipment, Net	56,872	-	56,872
Total Fixed Assets	56,872	-	56,872
Other Assets:			
Right-of-Use (ROU) Lease Assets, Net	11,381	-	11,381
Security Deposits	3,271	500	3,771
Beneficial Interest in Assets Held by Comm. Fdtn	29,712	25,000	54,712
Long-term Investments	1,270,018	395,196	1,665,214
Total Other Assets	1,314,382	420,696	1,735,078
Total Assets	$ 1,911,481	$ 1,532,264	$ 3,443,745
Liabilities and Net Assets			
Current Liabilities:			
Accounts Payable	$ 36,190	$ 4,114	$ 40,304
Accrued Payroll Liabilities	34,389	-	34,389
Compensated Absences	22,636	-	22,636
Deferred Revenues	133,250	-	133,250
Other Liabilities	893	-	893
Total current Liabilities	227,358	4,114	231,472
Non-Current Liabilities:			
Present Value of Lease Liability	$ 11,299	$ -	$ 11,299
Total Non-current Liabilities	11,299	-	11,299
Net Assets:			
Without Donor Restrictions			
Unreserved	373,094	-	373,094
Reserved by Board Designation	1,299,730	-	1,299,730
With Donor Restrictions	-	1,528,150	1,528,150
Total net assets	1,672,824	1,528,150	3,200,974
Total Liabilities and Net Assets	$ 1,911,481	$ 1,532,264	$ 3,443,745

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

THE BUDDY PROGRAM, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Public Support:			
Grants	$ 134,308	$ 176,534	$ 310,842
Contributions	305,028	71,675	376,703
Special Events	1,398,690	-	1,398,690
Program Revenues:			
Client Fees and Other	-	-	-
Other:			
Gain/(Loss) on Disposition of Fixed Assets	-	-	-
Interest and Investment Earnings	(288,229)	-	(288,229)
Net Assets Released from Restrictions:			
Satisfaction of Purpose Restrictions	204,861	(204,861)	-
Total Revenue and Other Support	1,754,658	43,348	1,798,006
Expenses:			
Program Expenses:			
Community Programs	616,344	-	616,344
Peer-to-Peer Programs	82,702	-	82,702
LEAD (Experiential) Programs	496,048	-	496,048
Higher Education Scholarships	5,801	-	5,801
Supporting Service Expenses:			
Management and Administration	155,130	-	155,130
Fundraising	509,954	-	509,954
Special Events Expenses	296,962	-	296,962
Total Expenses	2,162,941	-	2,162,941
Increase / (Decrease) in Net Assets	(408,283)	48,348	(364,935)
Unusual and Infrequent Items:			
Campaign Fund Contributions	-	744,303	744,303
Campaign Fund Pledges, Net	-	474,584	474,584
Net Assets Released from Restrictions	164,700	(164,700)	
Total Increase / (Decrease) in Net Assets	(243,583)	1,097,535	853,952
Net Assets-Beginning of Year	1,916,407	430,615	2,347,022
net Assets-End of Year	$ 1,672,824	$ 1,528,150	$ 3,200,974

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, 2022

	Programs	Management & Administration	Fundraising	Total Expenses
Direct Program Expenses				
Community Programs				
Activities-Community & School Based	$ 18,678	$ -	$ -	$ 18,678
Training & Volunteer Screening	8,147	-	-	8,147
Travel & Mileage Reimbursement	145	-	-	145
Other Direct Program Expenses	104	-	-	104
Peer-to-Peer Programs				
Activities-School Based	1,938	-	-	1,938
Training & Volunteer Screening	261	-	-	261
School Liaisons	1,743	-	-	1,743
Travel & Mileage Reimbursement	124	-	-	124
Other Direct Program Expenses	798	-	-	798
LEAD (Experiential) Programs				
Activities	5,117	-	-	5,117
Buddy Bus	1,424	-	-	1,424
Outdoor Leadership-High School	21,236	-	-	21,236
Outdoor Leadership-Middle School	10,200	-	-	10,200
Youth Camp	14,953	-	-	14,953
Salaries-Direct	217,635	-	-	217,635
Travel & Mileage Reimbursement	508	-	-	508
Other Direct Program Expenses	1,111	-	-	1,111
Indirect Operating Expenses				
Salaries	519,522	108,647	311,114	939,283
Employee Benefits	117,059	17,253	49,404	183,716
Payroll Taxes	55,722	8,213	23,517	87,452
Professional Fees/Bookkeeping	25,874	3,814	10,920	40,608
Advertising & Promotion	5,508	-	61,261	66,769
Office Expenses	7,585	1,117	3,203	11,905
Information Technology	33,845	2,256	9,025	45,126
Occupancy	25,534	3,763	10,776	40,073
Travel & Mileage Reimbursement	501	74	211	786
Conferences and Meetings	6,097	748	817	7,662
Depreciation	13,037	1,922	787	15,746
Insurance	14,108	3,146	1,344	18,598
Counseling	7,995	-	-	7,995
Credit Card Fees	6,275	-	14,641	20,916
Volunteer Recruitment/Training	6,900	-	-	6,900
Fundraising Expenses	-	-	2,882	2,882
Higher Education Scholarships	5,801	-	-	5,801
Program Empowerment Scholarships	9,175	-	-	9,175
Other Indirect Expenses	36,235	4,177	10,052	50,464
SUBTOTAL EXPENSES	1,200,895	155,130	509,954	1,865,979
Special Events Expenses	-	-	-	296,962
TOTAL EXPENSES	$ 1,200,895	$ 155,130	$ 509,954	$ 2,162,941

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Grants and Contributions	$ 1,333,482
Receipts from Special Events/Other	1,398,689
Receipts from Program Fees	-
Payments to Employees	(1,020,761)
Payments to Vendors (including $296,962 for Special Events)	(1,094,853)
Payments for Higher Education Scholarships	(5,801)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	610,756
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for Property and Equipment	-
Interest, Dividends and Capital Gain Distributions	34,787
Proceeds from the Sale of Investments	2,583,092
Payments for the Purchase of Investments	(2,607,772)
Payments for Investments Fees	(16,876)
Transfers to Board Designated Reserves	(381,835)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(388,604)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	222,152
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	670,231
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 892,383

SUPPLEMENTARY INFORMATION:	
Noncash Contributions	$ 1,500

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

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.

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.

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.

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

ACCOUNTS RECEIVABLE / PLEDGES RECEIVABLE

The Organization considers current receivables to be fully collectible and, after reasonable collection efforts are made, the direct write-off method is used for uncollectible accounts. Non-current pledges receivable have an allowance for doubtful accounts of $18,025 and are discounted by $31,891 to present value using a rate of 5.24%. Total pledges receivable (before discounting) are scheduled to be received years ending December 31st as follows:

2023	$	164,000
2024	$	152,750
2025	$	152,750
2026	$	40,000
2027	$	15,000

PREPAID EXPENSES

At December 31, 2022, prepaid expenses consisted of prepaid insurance of $1,906 and prepaid dues/fees of $7,432.

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 using a capitalization threshold of $5,000; 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.

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

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.

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, 2022. 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 2019.

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 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:

December 31, 2022	Level 1	Level 2	Level 3	Total
Money market funds	$ 236,555	$ -	$ -	$ 236,555
Trading securities	1,428,659	-	-	1,428,659
Beneficial interest in community foundation	-	-	54,712	54,712
Total - recurring basis	$ 1,665,214	$ -	$ 54,712	$ 1,719,926

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, 2022, there were $384,155 in deposits in excess of FDIC. A summary of cash and cash equivalents follows:

Bank Balances - Checking and Savings	$ 914,935
Net Outstanding Items	(22,552)
Total Carrying Balance	$ 892,383

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:

December 31, 2022	Cost	Fair Value	Unrealized Gain/(Loss)
Money Market Funds and Cash	$ 236,555	$ 236,555	$ -
Equities - Stocks and Mutual Funds	890,988	902,030	11,042
Fixed Income - Bonds/Preferred Securities	548,433	526,629	(21,804)
Beneficial Interest in Aspen Community Foundation	25,000	54,712	29,712
	$ 1,700,976	$ 1,719,926	18,950
Less Unrealized/(Gain) Loss Recognized in Prior Periods			(316,354)
Unrealized Gain/(Loss) Recognized in 2022			$ (297,404)

Total return on investments is summarized as follows:

Interest and Dividend Income	$ 34,788
Net Realized and Unrealized Gains / (Losses)	(306,141)
Less Brokerage Fees	(16,876)
Current Year Return on Investments	$ 288,229

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 $29,712 are presented as unrestricted. The net aggregate beneficial interest carrying balance as of December 31, 2022 was $54,712.

NOTE 6 - *NET ASSETS WITH DONOR RESTRICTIONS*

As of December 31, 2022, cash balances in the total amount of $517,111 are temporarily restricted: $3,800 for higher education scholarships; $10,000 for LEAD Programs; $39,150 for other Program activities; and $464,161 held in the 50th Anniversary Campaign Fund, a celebration to be recognized in 2023. The remaining $590,843 of temporarily restricted net assets consists of receivables net of payables.

As of December 31, 2022, 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, 2022, investments in the amount of $1,299,730 are designated by the Board as net assets without donor restrictions for Quasi-Endowment reserves. This amount includes prior year designated balances of $1,206,462 plus current year Board approved transfers of $381,835 and current year endowment losses of $288,567.

As of December 31, 2022, net assets in the amount of $373,094 are unreserved.

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	$ 375,272
Contributions Receivable	155,617
Other Receivables	-
Prepaid Expenses	9,338
	$ 540,227

NOTE 8 - *LIQUIDITY (continued)*

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 $1,299,730 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		47,972
Less Accumulated Depreciation		(100,016)
TOTAL	$	56,872
Depreciation expense:		
Programs	$	13,037
Management and General		1,922
Fundraising		787
TOTAL	$	15,746

NOTE 10 - *LEASE COMMITMENTS*

The Organization has implemented the provisions of Financial Accounting Standards Board ("FASB") ASC 842, Leases, for balance sheet recognition of leases and note disclosure of certain information about lease arrangements.

The Buddy Program is the lessee of office equipment under operating leases. The Organization determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified and recognized at lease commitment. The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance leases. The Organization's leases generally have terms from one to five years for equipment.

Right-of-use assets and lease obligations for operating leases are included in "ROU Lease Assets" ($14,984 net of $3,603 of amortization) and "Present Value of Lease Liability" ($11,299), respectively, in the Statement of Financial Position. Leased assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, generally using the risk-free discount rate at the commencement date in determining the present value of future payments.

NOTE 10 - *LEASE COMMITMENTS (continued)*

The scheduled lease payments for the organization's lease obligations are as follows:

Year Ended December 31,	
2023	$ 3,534
2024	3,534
2025	3,534
2026	2,117
2027	-
TOTAL	$ 12,719

The Organization leases office space, the amounts for which are on a short-term basis. Therefore, no long-term commitments for the office leases are recorded in the accompanying financial statements.

NOTE 11- *CONTRIBUTED MATERIALS & SERVICES*

The Organization received donations in the form of reduced or free for services. For the year ended December 31, 2022, the difference between the fair market value and actual amounts paid of $1,500 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 2022, 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 $1,398,690 and total expenses of $296,962 were recognized on the Statement of Activities. There was no In-kind support for special events recorded during the year ended December 31, 2022.

NOTE 13 - *SUBSEQUENT EVENTS*

In accordance with SFAS No. 165, management of the Organization has evaluated events subsequent to December 31, 2022 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.