

ROCKY MOUNTAIN YOUTH CORPS

Financial Statements

December 31, 2020

ROCKY MOUNTAIN YOUTH CORPS

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Independent Auditor's Report

The Board of Directors
Rocky Mountain Youth Corps
Steamboat Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Rocky Mountain Youth Corps, which comprise the statement of financial position as of December 31, 2020, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rocky Mountain Youth Corps as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Cutler + Company, P.C.

Steamboat Springs, Colorado
March 31, 2021

ROCKY MOUNTAIN YOUTH CORPS
Statement of Financial Position
December 31, 2020

Assets:

Current assets:

Cash	\$	925,640
Accounts receivable		137,904
Other current assets		2,716
		2,716

Total current assets		1,066,260
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Noncurrent assets:

Property and equipment, net of accumulated depreciation		2,002,725
Beneficial interest in assets held by community foundation		45,392
Restricted cash		37,613
		37,613

Total noncurrent assets		2,085,730
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Total assets		\$ 3,151,990
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Liabilities and net assets:

Current liabilities:

Accounts payable and accrued expenses	\$	25,705
Accrued payroll		35,464
Notes payable, current portion		17,014
		17,014

Total current liabilities		78,183
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Noncurrent liabilities:

Notes payable, net of current portion		664,716
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Total liabilities		742,899
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Net assets:

Without donor restrictions		2,334,091
With donor restrictions		75,000
		75,000

Total net assets		2,409,091
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Total liabilities and net assets		\$ 3,151,990
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ROCKY MOUNTAIN YOUTH CORPS
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Cooperative agreements	\$ 2,123,208	\$ -	\$ 2,123,208
Contributions and grants	1,227,107	75,000	1,302,107
Program fees	-	-	-
Fundraising events	16,710	-	16,710
Less: direct event expenses	(1,288)	-	(1,288)
Rental income	-	-	-
Other	36,628	-	36,628
	<u>3,402,365</u>	<u>75,000</u>	<u>3,477,365</u>
Operating expenses:			
Program services	2,880,536	-	2,880,536
Supporting services:			
Management and general	290,690	-	290,690
Fundraising	111,117	-	111,117
	<u>3,282,343</u>	<u>-</u>	<u>3,282,343</u>
Total operating expenses			
Change in net assets	120,022	75,000	195,022
Net assets, beginning of year	<u>2,214,069</u>	<u>-</u>	<u>2,214,069</u>
Net assets, end of year	<u>\$ 2,334,091</u>	<u>\$ 75,000</u>	<u>\$ 2,409,091</u>

See accompanying notes to the financial statements.

ROCKY MOUNTAIN YOUTH CORPS
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Expenses:				
Wages and benefits	\$ 1,966,560	\$ 183,377	\$ 96,993	\$ 2,246,930
Insurance	150,153	12,268	2,206	164,627
Vehicles	270,067	48	29	270,144
Food	90,960	-	-	90,960
Field operations	53,852	-	-	53,852
Supplies	96,024	18,909	621	115,554
Transportation	36,725	392	237	37,354
Tools and machinery	8,990	-	-	8,990
Dues and subscriptions	16,032	16,700	4,488	37,220
Rent and utilities	12,451	296	183	12,930
Communications	15,688	5,569	-	21,257
Repairs and maintenance	21,172	7,337	311	28,820
Meetings and conferences	9,180	2,231	1,351	12,762
Professional fees	100	6,655	472	7,227
Volunteer support	5,677	5,324	-	11,001
Training	11,775	-	-	11,775
Background checks	13,341	-	-	13,341
Interest	356	24,994	5	25,355
Depreciation	74,834	1,782	1,100	77,716
Other	26,599	4,808	3,121	34,528
Total expenses	\$ 2,880,536	\$ 290,690	\$ 111,117	\$ 3,282,343

See accompanying notes to the financial statements.

ROCKY MOUNTAIN YOUTH CORPS
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:	
Change in net assets from operations	\$ 195,022
Adjustments to reconcile change in net assets from operations to net cash provided by operating activities:	
Depreciation	77,716
Gain on beneficial interest in assets of community foundation	(6,398)
(Increase) decrease in:	
Accounts receivable	8
Other current assets	(2,716)
(Decrease) increase in:	
Accounts payable and accrued expenses	<u>51,631</u>
Net cash provided by operating activities	<u>315,263</u>
Cash flows from investing activities:	
Cash paid for acquisition of property and equipment	(103,117)
Transfers to restricted cash reserve	<u>(3,700)</u>
Net cash provided by (used in) financing activities	<u>(106,817)</u>
Cash flows from financing activities:	
Proceeds from notes payable	20,599
Principal payments on notes payable	<u>(13,104)</u>
Net cash provided by financing activities	<u>7,495</u>
Net change in cash	215,941
Cash, beginning of year	<u>709,699</u>
Cash, end of year	<u><u>\$ 925,640</u></u>
Supplemental information:	
Interest paid	<u><u>\$ 25,355</u></u>

See accompanying notes to the financial statements.

ROCKY MOUNTAIN YOUTH CORPS
Notes to Financial Statements
December 31, 2020

Note 1: Description of the Organization

Rocky Mountain Youth Corps (the Organization) was incorporated as a Colorado not-for-profit corporation in 1999. The Organization's mission statement is to engage young people in the outdoors, inspiring them to use their strengths and potential to lead healthy, productive lives. Young people are taught responsibility for self, community and environment through teamwork, service and experiential education. The Organization is headquartered in Steamboat Springs, Colorado and serves youth throughout northwest Colorado and young adults across all of Colorado and the United States.

The Organization operates three primary programs:

YOUTH CORPS PROGRAMS:

Service Learning Crew (SLC) is a youth community service program that provides education and experience in citizenship, volunteerism, community service, and self-development to Routt County youth ages 11-13 annually. SLC sessions are two weeks, Monday – Friday, 8-hour days, with a camping experience on the last day. SLC provides entry-level job skills while enhancing the resiliency skills and personal development through experiential education and meaningful service projects for public benefit. SLC was created in 2010.

Community Youth Crew (CYC) serves youth ages 14-15. Members earn a wage while completing priority projects on public lands and engaging in the education curriculum. CYC sessions are two weeks, Monday – Friday, with the first week operating five 8-hour days, and the second week operating a residential, 24/7 camping experience. During the session, members live in tents and learn basic independent living skills while working on public lands projects during the day. CYC was created in 1994.

Regional Youth Crew (RYC) serves youth ages 16-18 years from throughout northwest Colorado. Members live and work 24/7 for the entire two-week session, becoming fully immersed in the experiential impact of the program. Like the SLC and CYC programs, members work for public land managers on service projects that benefit the general public. RYC members earn a wage, and some are eligible for AmeriCorps education awards for higher education. RYC was created in 1993.

YOUNG ADULT CORPS PROGRAMS:

Conservation Corps (CC) serves young adults ages 18-25 years old annually through four crew types, according to the primary conservation work projects that the crews focus on: Trail Crew, Chainsaw Crew, Historic Preservation Crew, and Fire Crew. Conservation Corps members are paid a wage and earn AmeriCorps Education Awards while completing priority projects on public lands and engaging in a comprehensive service-learning education program. Participants live in groups of 8-10 for 4 to 28 weeks in the outdoors, and work building and maintaining trails, bridges and fences, fire fuels reduction, habitat restoration, wildfire rehabilitation, and mountain pine beetle mitigation.

Natural Resource Internship Program is designed to engage youth and young adults ages 16-30 years in valuable work experiences within natural resources management agencies and non-profits. Interns are recruited and managed by RMYC to address priority conservation goals in partnership with the United States Forest Service, the Bureau of Land Management, the National Park Service, the Colorado Youth Corps Association, the National Forest foundation, the Colorado Fourteeners Initiative and a growing circle of additional agency and non-profit partners. Internships are designed to allow participants to consider or advance careers and education in natural resources. RMYC provides support to all internships while the intern works under the daily supervision of the hosting public lands management agency or non-profit.

OTHER YOUTH PROGRAMS:

YAMPA VALLEY SCIENCE SCHOOL was developed in 2000 and serves all Routt County sixth graders (about 300) and 20-30 high school students each year. Students are immersed in this five-day residential, educational curriculum, culminating with a community service project. The curriculum includes CO Dept. of Education content standards in science, as well as social and civic responsibility, leadership, healthy nutrition, and physical fitness. Junior leaders (high school students) engage as mentors and facilitators of the curriculum which focuses on science but incorporates other academic disciplines such as math, writing, history and art. The residential experience promotes social development. RMYC utilizes the connection of youth to the outdoors to attain self-development assets they need at this transitional time, while igniting an excitement for learning.

The Organization is funded primarily by cooperative agreements, grants and contributions.

ROCKY MOUNTAIN YOUTH CORPS
Notes to Financial Statements
December 31, 2020

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash

The Organization's cash consists of cash on deposit with banks.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP established a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable Inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

The fair value of the beneficial interest in assets held by community foundation is based on the fair value of the underlying pooled investments as reported by the Yampa Valley Community Foundation (YVCF). These are considered to be Level 3 measurements.

ROCKY MOUNTAIN YOUTH CORPS
Notes to Financial Statements
December 31, 2020

Note 2: Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consist of fees due from cooperative agreements and amounts due from grantors on cost reimbursement grants. The Organization believes that all of its receivables are collectible; therefore, no provision for uncollectible accounts has been recorded as of December 31, 2020.

Property and Equipment, Net

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

	<u>Years</u>
Buildings and improvements	40
Vehicles	5-10
Equipment and furnishings	5-7

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or 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.

In-Kind Support

The Organization records various types of in-kind support, including contributed goods and services. Contributions of tangible assets and services are recognized as fair value when received. In-kind support is included in contributions in the accompanying financial statements and are offset by like amounts in expenses or assets.

Many individuals volunteer their time and perform a variety of tasks within the Organization's programs. However, these services do not meet the criteria for recognition as contributed services in accordance with US GAAP.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants.

Revenue Recognition

Revenues from cooperative agreements are recognized as earned when the services are provided.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include wages and benefits, depreciation, insurance, occupancy, and repairs and maintenance, which are all allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

ROCKY MOUNTAIN YOUTH CORPS
Notes to Financial Statements
December 31, 2020

Note 2: Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal income tax on related income under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in IRC Section 501(c)(3). Further, the Organization has been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to the Organization qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not have any material unrelated business income tax liability for the year ended December 31, 2020. The Organization believes that it has taken no significant uncertain tax positions that require recognition or disclosure in the financial statements.

The Organization's tax returns related to the years December 31, 2017 through 2019 remain open for examination by taxing authorities.

Note 3: Availability and Liquidity

The following represents the Organization's financial assets as of December 31, 2020, reduced by amounts not available for general use because of donor or contractual restrictions within one year of the balance sheet date. Amounts not available include amounts set aside by the board of directors for long-term investing.

Financial assets as of December 31, 2020:	
Cash and cash equivalents	\$ 963,253
Accounts receivable	137,904
Beneficial interest in assets held by others	<u>45,392</u>
	1,146,549
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(75,000)
Beneficial interest in assets held by others intended for long-term investment	(45,392)
USDA restricted cash reserve	<u>(37,613)</u>
Unrestricted financial assets available to meet cash needs for general expenditures with one year	<u><u>\$ 988,544</u></u>

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization also could draw upon a \$200,000 line of credit (see Note 6).

Note 4: Property and Equipment, Net

Property and equipment, net consisted of the following as of December 31, 2020:

Land	\$ 330,000
Buildings and improvements	1,785,009
Vehicles	263,912
Equipment and furnishings	<u>96,660</u>
	2,475,581
Less accumulated depreciation	<u>(472,856)</u>
	<u><u>\$ 2,002,725</u></u>

ROCKY MOUNTAIN YOUTH CORPS
Notes to Financial Statements
December 31, 2020

Note 5: Beneficial Interest in Assets Held by Community Foundation

The Organization maintains a beneficial interest in a charitable fund held and administered by the YVCF. Per terms of the Agency Endowment Agreement with YVCF, the Organization has specified itself as the beneficiary of the fund which was established to promote the Organization's mission. YVCF does not maintain variance power over the funds and the funds are distributable to the Organization upon request. The Organization's beneficial interest in assets held by YVCF as of December 31, 2020 is \$45,392.

Note 6: Line of Credit

The Organization has a \$200,000 line of credit available from Alpine Bank dated March 31, 2020. Interest on the outstanding balance is due monthly at prime rate plus 2.0% with an interest rate ceiling of 24.0%. The line of credit matures on March 31, 2021 and is secured by an assignment of revenues. There was no outstanding principal balance as of December 31, 2020 under the line of credit and no interest paid during the year then ended.

Note 7: Notes Payable

The Organization's notes payable consists of the following as of December 31, 2020:

Note payable to U.S. Department of Agriculture (USDA) dated October 25, 2010; principal of \$765,000; payable in monthly installments of \$3,083 including interest at 3.75%; secured by substantially all of the Organization's assets; due October 2050.	\$ 662,224
Financing agreement with Ally Bank dated October 17, 2020; principal of \$20,599; payable in monthly installments of \$488 including interest at 6.29%; secured by a vehicle; due September 2024.	<u>19,506</u>
	681,730
Less: current portion	<u>(17,014)</u>
Total	<u><u>\$ 664,716</u></u>

Aggregate interest expense on notes payable was \$25,355 during the year ended December 31, 2020.

Terms of the USDA promissory note require the Organization to establish and maintain a restricted cash reserve fund for repairs and improvements to its facilities. The Organization is required to set aside \$308 per month until the accumulated reserve fund is \$38,376. The Organization has set aside \$37,613 in the restricted cash reserve fund as of December 31, 2020.

Aggregate maturities of notes payable in each of the five years subsequent to December 31, 2020 and thereafter are as follows:

2021	\$	17,014		
2022		17,802		
2023		18,626		
2024		18,114		
2025		14,279		
Thereafter		<u>595,895</u>		
		<u><u>\$ 681,730</u></u>		

ROCKY MOUNTAIN YOUTH CORPS
Notes to Financial Statements
December 31, 2020

Note 8: Net Assets

Net assets with donor restrictions were as follows as of December 31, 2020.

Yampa Valley Science School	\$	40,000
Youth and conservation corps training		20,000
Safety supplies and training		<u>15,000</u>
	\$	<u><u>75,000</u></u>

Note 9: Contributed Goods and Services

The Organization receives various goods and services at a discounted cost or no cost for use in its programs. The estimated fair value of contributed goods and services received during the year ended December 31, 2020 was \$1,468.

Note 10: Retirement Plan

The Organization offers certain employees the opportunity for participation in a 401(k) retirement plan. The Organization covers the administrative costs of the plan and matches a percentage of participating employee wages determined on an annual basis. During the year ended December 31, 2020, the Organization made matching contributions of 4% of participating employee wages to the plan totaling \$23,514.

Note 11: Contingencies

The Organization received two grants during 2016 that contain reimbursement clauses should certain events occur in respect to the Organization's newly constructed facilities. The Organization would be required to reimburse the grantors the aggregate grant awards of \$105,000, unless waived by the grantors, should the Organization sell, dispose of, or encumber the property for a period of 20-30 years. Management believes it is highly unlikely that these events will occur and require repayment.

Note 12: Subsequent Events

The Organization has evaluated subsequent events through March 31, 2021, which is the date the financial statements were available to be issued.