ROCKY MOUNTAIN YOUTH CORPS

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
AND
FEDERAL AWARDS IN ACCORDANCE
WITH THE UNIFORM GUIDANCE

DECEMBER 31, 2022

RMYC
ROCKY MOUNTAIN YOUTH CORPS

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Rocky Mountain Youth Corps
Steamboat Springs, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rocky Mountain Youth Corps, 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 accompanying financial statements present fairly, in all material respects, the financial position of Rocky Mountain Youth Corps as of December 31, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 Rocky Mountain Youth Corps 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 the 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 Rocky Mountain Youth Corps ability to continue as a going concern for 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 reasonable assurance 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 GAAS and *Government 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout 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 Rocky Mountain Youth Corps 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rocky Mountain Youth Corps ability to continue as a going concern for a reasonable period of time.

We are required to communicate with 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 11, 2023 on our consideration of Rocky Mountain Youth Corps internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rocky Mountain Youth Corps internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Rocky Mountain Youth Corps internal control over financial reporting and compliance.

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
May 11, 2023

ROCKY MOUNTAIN YOUTH CORPS

Statement of Financial Position

December 31, 2022

		2022
ASSETS		
Current Assets		
Cash	$	1,369,115
Grants and agreements receivable		353,304
Total Current Assets		1,722,419
Noncurrent Assets		
Property and equipment, net of accumulated depreciation		1,993,508
Beneficial interest in assets held by community foundation		314,206
Restricted cash		38,376
Total Non Current Assets		2,346,090
Total Assets	$	4,068,509
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses		63,744
Accrued payroll		89,088
Notes payable, current portion		13,247
Total Current Liabilities		166,079
Noncurrent Liabilities		
Notes payable, net of current portion		623,563
Total Liabilities		789,642
Net assets with donor restriction		314,206
Net assets without donor restriction		2,964,661
Total net assets		3,278,867
Total Liabilities and Net Assets	$	4,068,509

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

ROCKY MOUNTAIN YOUTH CORPS

Statement of Activity and Changes in Net Assets

December 31, 2022

	2022		
	Without Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Cooperative agreements	$ 3,311,070	$ -	$ 3,311,070
Contributions and grants	1,699,196	100,665	1,799,861
Program fees	47,486	-	47,486
Investment income, net	3,610	-	3,610
Change in beneficial interest in net assets held at Community Foundation	-	(49,473)	(49,473)
Release from restriction	-	-	-
Total Revenues and Other Support	5,061,362	51,192	5,112,554
Operating Expenses			
Program services	4,069,948	-	4,069,948
Supporting services			
Management and general	710,620	-	710,620
Fundraising	108,487	-	108,487
Total Expenses	4,889,055	-	4,889,055
CHANGE IN NET ASSETS	172,307	51,192	223,499
Net Assets, Beginning of Year	2,792,354	263,014	3,055,368
Net Assets, End of Year	$ 2,964,661	$ 314,206	$ 3,278,867

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

ROCKY MOUNTAIN YOUTH CORPS

Statement of Functional Expense

For the year ended December 31, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	2022 Total
Salaries, wages and benefits	$ 3,016,064	$ 380,250	$ 84,315	3,480,629
Field operation supplies	185,677	-	-	185,677
Conferences and training	103,575	34,884	6,019	144,478
Supplies	62,755	23,337	89	86,181
Professional services	-	8,567	-	8,567
Travel expenses	228,476	1,422	319	230,217
Occupancy costs	21,000	17,299	-	38,299
Telecommunications and internet	18,696	5,665	498	24,859
Insurance	-	142,615	-	142,615
Interest expense	789	24,051	-	24,840
Equipment rent and maintenance	256,627	33,867	233	290,727
Advertising and recruiting	21,608	8,101	4,718	34,427
Participant screening and evaluation costs	34,757	-	-	34,757
Grants	47,876	-	-	47,876
Miscellaneous expenses	5,921	5,770	6,749	18,440
Depreciation expense	66,127	24,792	5,547	96,466
Total	$ 4,069,948	$ 710,620	$ 108,487	$ 4,889,055

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

ROCKY MOUNTAIN YOUTH CORPS

Statement of Cash Flows

For the years ended December 31, 2022

	2022
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets from operations	$ 223,499
Adjustments to reconcile change in net assets from operations to net cash provided by operating activities:	
Depreciation	96,466
Change in beneficial interest in assets of community foundation	49,473
Decrease in:	
Grants and agreements receivable	70,117
(Decrease) Increase in:	
Accounts payable and accrued expenses	74,824
Accrued payroll	5,926
Deferred grant revenue	(69,764)
Net cash flow provided by operating activities	450,541
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to beneficial interests in assets held by others	(100,665)
Cash paid for acquisition of property and equipment	(126,241)
Net cash provided by (used in) investing activities	(226,906)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on notes payable	(27,688)
Net cash flow from financing activities	(27,688)
CHANGE IN CASH AND RESTRICTED CASH	195,947
CASH AND RESTRICTED CASH- BEGINNING OF YEAR	1,211,544
CASH AND RESTRICTED CASH - END OF YEAR	$ 1,407,491
Cash payment for interest	$ 24,051

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

NOTE 1: ORGANIZATION AND PURPOSE

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 or four-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 23 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 10-20 high school students each year. Students are immersed in this four-day 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. 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Cash, Cash Equivalents, and Restricted Cash. The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows as of December 31, 2022:

Cash and cash equivalents	$ 1,369,115
Restricted cash – USDA reserve funds	38,376
Total	$ 1,407,491

Grants and Agreements Receivable. Receivables at December 31, 2022 are due primarily from government agencies within the state of Colorado and several federal agencies. Due to the Organization's history of successful collection from these sources, management believes the need to establish a perpetual reserve for uncollectible accounts is not necessary. The infrequent write-offs of account balances which do occur are taken directly to bad debt expense.

Property and Equipment. The Organization records property and equipment additions over $2,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Beneficial Interest in Assets Held in Community Foundation During 2008, the Organization established an endowment fund that is perpetual in nature under a community foundation's endowment program and named the Organization as beneficiary. The Organization granted variance power to the community foundation, which allows the community foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the community foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the community foundation for the Organization's benefit and is reported at fair value in the statements of financial position, with contributions, distributions and changes in fair value recognized in the statements of activities.

Net Assets. Contributions are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported 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. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions. Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period

Revenues and support. The Organization's revenue is primarily derived from government cost-reimbursable agreements and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific agreement or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At December 31, 2022 there were no refundable advances recorded.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. For the year ended December 31, 2022 there were no contributions received with a condition or barrier.

The Organization receives funding under cooperative agreements with the USDA Forest Service, that are comprised of an exchange element based on the value of services provided in exchange for consideration. These services include providing crew and intern hours to work on certain conservation projects, trail maintenance and placing interns on federal land. The Organization recognizes revenue when the performance obligation of providing the crew and interns to perform those services are met. The amounts due for these services as of December 31, 2021 and 2022 were $57,632 and $149,274, respectively. No money was received in advance of the se performance obligations as of December 31, 2022 or 2021.

In-kind Contributions. Contributed nonfinancial assets may include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received The Organization did not sell donated gifts-in-kind during the year ended December 31, 2022. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended December 31, 2022.

Functional Allocation of Expenses. The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, conference and training, professional services, travel expenses, telecommunications and internet, printing, postage and promotion, insurance, advertising and recruiting, and depreciation expense which are allocated on the basis of estimates of time and effort expended by Organization staff.

Estimates by the Organization. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. The Organization's primary estimates are the allocation of expenses to functional categories.

Financial Instruments and Credit Risk. The Organization manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Organization's mission. Investments are made by a Community Foundation with diversified investment managers whose performance is monitored by the investment committee of that Foundation. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Tax Status. The Organization is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and qualifies for the charitable contribution deduction. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization receives no items of unrelated business income, and believes it has complied with all requirements necessary to maintain its status.

Recently Adopted Accounting Pronouncements. In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the year ended December 31, 2022. The Organization implemented the standard during the year ended December 31, 2022 with no material impact.

NOTE 3: CONCENTRATIONS

During 2022, the Organization received approximately 17% of the Organizations revenue from the AmeriCorps grant. This funding was provided to the Organization from a pass through entity. A significant reduction in the level of such support, if it were to occur, may have an adverse effect on RMYC's programs and activities.

NOTE 4: AVAILABLE RESOURCES AND LIQUIDITY.

Financial assets available for general expenditure within one year of the balance sheet consist of the following:

Cash and Cash Equivalents	$ 1,369,115
Grants and Agreements Receivable	353,304
Total Financial Assets	1,772,419

The Organization's goal is generally to maintain financial assets to meet three months of operating expenses.

NOTE 5: ENDOWMENT AND BENEFICIAL INTEREST IN ASSETS HELD IN COMMUNITY FOUNDATION

The Endowment consists of funds established by donors to provide annual funding for general operations of the Organization. The funds were transferred to the Yampa Valley Community Foundation to invest and manage. The Yampa Valley Community Foundation administers, receives contributions to, and makes distributions from the endowment fund, as provided by the terms of the endowment agreement. According to these terms, the Foundation shall make distributions to the Organization upon request in accordance with the Foundations spending policy. The Yampa Valley Community Foundation possesses sole discretionary power to invest and reinvest all property held by the endowment fund in such manner as it determines.

The Organization's Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment net assets consist of the following at December 31:

	2022
Original donor-restricted gift amounts and amounts subject to the Foundation's spending policy	$ 356,587
Accumulated investment losses	(42,381)
	$ 314,206

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022, funds with original gift values of $356,578, fair values of $314,206, and deficiencies of $42,381 were reported in net assets with donor restrictions.

Investment and Spending Policy
The Organization has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. The policy uses a simple average of the total fund balance of all eligible funds for the previous twelve quarters multiplied by 4.5%. The Yampa Valley Community Foundation's investment policy attempts to establish an achievable return objective through utilization of a globally diverse portfolio including a variety of asset classes. The Organization's funds are invested in the Yampa Valley Community Foundation's long term portfolio. The maximum allocation set out in the policies for the long term portfolio is approximately 70% equities, 20% fixed income and 10% alternative investments.

Benchmark allocations for the fund are as follows:

Asset Allocation & Policy Benchmark

Asset Class	Range	Benchmark
Cash & Cash Equivalent	1% - 10%	3-Month U.S. Treasury Bills
Equities US Large, Mid & Small Cap, Intl, Emerging	25% - 75%	S&P, Russell Mid Cap, Russell 2000, EAFE, EEM
Fixed Income	30% - 65%	Barclays Cap US Aggregate Index
Alternatives	0% - 15%	HFRI Composite Index
Real Assets (Commodities, REITs)	0% - 6%	FTSE NAREIT, Bloomberg Commodity Index

Changes in Endowment net assets for the year ended December 31, 2022 are as follows:

	2022
Endowment net assets, beginning of year	$ 263,014
Investment loss, net	(49,473)
Contributions to endowment	100,665
Endowment net assets, end of year	$ 314,206

NOTE 6: FAIR VALUE MEASUREMENTS

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset or liability.

The fair value of the beneficial interest in assets held by the Yampa Valley Community Foundation is based on the fair value of fund investments as reported by the Yampa Valley Community Foundation. The fund investments include alternative investments, for which prices are not readily available and fair value is determined by the Yampa Valley Community Foundation management. The estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. These are considered to be Level 3 measurements.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022

Description	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in:				
Assets held by Community Foundation	$ 314,206	$ -	$ -	$ 314,206

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2022

Balance at December 31, 2021	$ 263,014
Investment loss, net	(49,473)
Contributions to endowment	100,665
Appropriated for expenditure	(-)
Balance at December 31, 2022	$ 314,206

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022:

	2022
Furniture and Equipment	$ 171,079
Vehicles	268,867
Buildings	2,173,909
Total Cost	2,613,855
Less Accumulated Depreciation	(620,347)
Property and Equipment, Net	1,993,508

Depreciation expense was $96,466 for the year ended December 31, 2022.

NOTE 8: DEBT

The Organization has an interest-bearing note that is payable to the U.S. Department of Agriculture in monthly installments of $3,083, with an annual rate of 3.75% and is secured by the land and building. The note is due in full in October 2050.

Future maturities of notes payable are as follows:

Years Ending December 31,	
2023	$ 13,247
2024	13,753
2025	14,279
2026	14,825
2027	15,392
Thereafter	565,314
	$ 636,810

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 $38,376 in the restricted cash reserve fund as of December 31, 2022

The Organization has a $200,000 line of credit available from Alpine Bank originated on March 31, 2022. 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, 2023 and is secured by an assignment of revenues. There was no outstanding principal balance as of December 31, 2022 under the line of credit and no interest paid during the year then ended.

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

The Organization has received certain contributions with donor imposed restrictions. The net assets with donor restrictions fund balance at December 31, 2022 is restricted by the donors contributing funds to the beneficial interest in trust, held by the community foundation.

The following amounts are perpetual in nature, the balance which is subject to endowment spending policies and appropriation as described in the endowment agreement.

	2022
General use	$ 356,578
Underwater endowments	(42,381)
Total endowments	314,206

During the year ended December 31, 2022, there was no amounts released from restriction, as funds were not appropriated for spending during the year.

NOTE 10: EMPLOYEE BENEFITS

The Organization sponsors a 401(k) plan to eligible employees. Covered employees are eligible to participate in the Plan after completion of 1 year of service (1,200 hours). Employees are fully vested immediately. The Organization matches up to 4% of each covered employee's gross salary, as determined annually. Contributions to the Plan as of December 31, 2022 are $30,464.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events were evaluated by management through the date of the auditor's report, which is the date the financial statements were available to be issued.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Rocky Mountain Youth Corps
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Rocky Mountain Youth Corps 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 and have issued our report thereon dated May 11, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rocky Mountain Youth Corps' internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rocky Mountain Youth Corps' internal control. Accordingly, we do not express an opinion on the effectiveness of Rocky Mountain Youth Corps' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rocky Mountain Youth Corps' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
May 11, 2023

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Rocky Mountain Youth Corps
Denver, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rocky Mountain Youth Corps' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rocky Mountain Youth Corps' major federal programs for the year ended December 31, 2022. Rocky Mountain Youth Corps' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rocky Mountain Youth Corps complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Rocky Mountain Youth Corps and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Rocky Mountain Youth Corps' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Rocky Mountain Youth Corps' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rocky Mountain Youth Corps' compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Rocky Mountain Youth Corps' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Rocky Mountain Youth Corps' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rocky Mountain Youth Corps' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Rocky Mountain Youth Corps' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully,

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
May 11, 2023

Rocky Mountain Youth Corps
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Provided to Subrecipients	Federal Expenditures
DEPARTMENT OF INTERIOR				
Passed through Colorado Youth Corps Association				
Youth Conservation Opportunities on Public Lands	15.243	22-Intern #7-46, 21-1011-22-9013	$ -	$ 357,736
Passed through Conservation Legacy				
Youth Conservation Opportunities on Public Lands	15.243	AC00331	-	318,509
Total Program and Department of Interior			-	676,245
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES (CNCS)				
Passed through Colorado Youth Corps Association				
AmeriCorps Fixed Award Program	94.006	21FXDCO0020001, 19ESHCO0010001	-	856,361
Total Program 94.006 and Corporation for National and Community Services			-	856,361
DEPARTMENT OF AGRICULTURE				
National Forest Foundation	10.682	CO-207, VO-204	-	84,539
Total Program 10.682 and Department of Agriculture			-	84,539
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the State of Colorado, Department of Human Services, Office of Behavioral Health				
Substance Abuse Prevention and Treatment Block Grant	93.959	22 IHJA 167624	-	83,776
Passed through the State of Colorado, Department of Public Health and Environment (CDPHE)				
Substance Abuse Prevention and Treatment Block Grant	93.959	2023*0336	-	115,100
Total Program 93.959 and Department of Health and Human Services			-	198,876
Total Expenditures of Federal Awards			$ -	$ 1,816,021

See notes to schedule of expenditures of federal awards

1 BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Rocky Mountain Youth Corps under programs of the federal government for the year ending December 31, 2022. The information in the schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3 NON-CASH ASSISTANCE, FEDERAL INSURANCE, LOANS, AND LOAN GUARANTEES:

Rocky Mountain Youth Corps did not receive any federal non-cash assistance, insurance, loans, or loan guarantees.

4 INDIRECT COST RATE

Rocky Mountain Youth Corps has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Rocky Mountain Youth Corps
Schedule of Findings and Questioned Costs
December 31, 2022

Section I - Summary of Audit Results

Financial Statements:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____ yes	✔ no
• Significant deficiency(ies) identified that are not considered a material weakness?	____ yes	✔ none reported
Noncompliance material to financial statements noted?	____ yes	✔ no

Federal Awards:

Internal control over major programs:

• Material weakness(es) identified?	____ yes	✔ no
• Significant deficiency(ies) identified that are not considered a material weakness?	____ yes	✔ none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR Part 200.516(a)?	____ yes	✔ no

Identification of major program(s):

Assistance Listing Number (ALN)	Name of Federal Program or Cluster
94.006	AmeriCorps Fixed Award Programs

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	____ yes	✔ no

Section II - Financial Statement Findings

There were no findings.

Section III - Federal Award Findings

There were no findings.

Section IV - Status of Prior Year Findings

There were no findings for the year ended December 31, 2021.