ANIMAS ALANO CLUB, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

ANIMAS ALANO CLUB, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

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November 21, 2023

Independent Accountants' Review Report

Board of Directors
Animas Alano Club, Inc.
Durango, Colorado

We have reviewed the accompanying financial statements of **Animas Alano Club, Inc.** (a Colorado nonprofit corporation), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of March 31, 2023, and the related statement of revenues, expenses and other changes in net assets – modified cash basis, functional expenses – modified cash basis and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter. **On April 1, 2023, the Organization adopted a change in accounting principal to an accrual basis of accounting in order the organization to be in accordance with accounting principles generally accepted in the United States of America.**

Taylor Roth and Company Pllc

Taylor, Roth and Company, PLLC
Certified Public Accountants
Denver, Colorado

ANIMAS ALANO CLUB, INC.

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
MARCH 31, 2023

	2023
Assets	
Cash and cash equivalents	$ 170,484
Property and equipment, net (Note 4)	1,010,451
Total assets	$ 1,180,935
Liabilities and net assets	
Liabilities	
Accounts payable	1,015
Notes payable (Note 5)	456,689
Total liabilities	$ 457,704
Net assets	
Without donor restrictions	
Undesignated	68,950
Board-designated capital building fund (Note 6)	17,079
Net investment in property and equipment	553,762
	639,791
With donor restrictions (Note 7)	83,440
Total net assets	723,231
Total liabilities and net assets	$ 1,180,935

See accompanying notes and independent accountants' review report

ANIMAS ALANO CLUB, INC.

STATEMENT OF REVENUES, EXPENSES & OTHER CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Grants and corporate contributions	$ 14,947	$ 102,000	$ 116,947
Contributions	30,975	6,500	37,475
Rental income	25,654	-	25,654
Membership dues	15,097	-	15,097
Special events income, net	650	-	650
All other	136	-	136
Net assets released from restrictions (Note 9)	25,060	(25,060)	-
Total revenue and other support	112,519	83,440	195,959
Expense			
Program services	29,941	-	29,941
Supporting services			
Management and general	22,519	-	22,519
Fund-raising	1,064	-	1,064
Total expense	53,524	-	53,524
Change in net assets	58,995	83,440	142,435
Net assets, beginning of year	580,796	-	580,796
Net assets, end of year	$ 639,791	$ 83,440	$ 723,231

See accompanying notes and independent accountants' review report

ANIMAS ALANO CLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2023

	2023			
		Supporting Services		
Description	Program Services	Management and General	Fund-raising	Total
Interest expense	$ -	$ 17,545	$ -	$ 17,545
Utilities	9,814	-	-	9,814
Insurance	5,009	2,581	-	7,590
Repairs and maintenance	3,570	-	-	3,570
Office supplies	1,940	674	509	3,123
Accounting services	-	860	-	860
Dues and fees	-	605	-	605
Advertising and promotion	-	-	555	555
Bank charges and processing fees	-	254	-	254
	20,333	22,519	1,064	43,916
Depreciation and amortization	9,608	-	-	9,608
Total expenses	$ 29,941	$ 22,519	$ 1,064	$ 53,524

See accompanying notes and independent accountants' review report

ANIMAS ALANO CLUB, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 - NATURE OF ACTIVITIES

Animas Alano Club, Inc. (the Organization) is a nonprofit organization incorporated in 2015. An alano club is regarded as a facility that services the community by providing support, information, outreach, relevant programs (like 12 step recovery groups), social interaction and an accepting drug and alcohol-free gathering place for all those affected by addiction and seeking renewal, physically, mentally and spiritually through recovery, with strong moral and financial support from the community and recovery groups. The alano club can assure a continuing role of supporting individuals in their struggle to overcome addiction. An alano club provides a safe haven for the newly recovering and longtime sober and clean alcoholics or addicts. The club provides an environment free of alcohol and drugs. The Organization is supported primarily through grants and corporate contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The Organization policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. **On April 1, 2023, the Organization adopted a change in accounting principal to an accrual basis of accounting in order the organization to be in accordance with accounting principles generally accepted in the United States of America.**

2. Basis of Presentation

The financial statements of the Organization have been prepared on the modified – cash basis of accounting. Under that basis certain revenues and the related assets are recognized when received rather than when pledged and certain expenses are recognized when paid rather than when the obligation is incurred. This basis of accounting differs from accounting principles generally accepted in the United States of America ("GAAP") primarily because the Organization has not recognized pledges receivable and certain liabilities, and their related effects on earnings in the accompanying financial statements.

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 that are 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 the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that 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 restriction to net assets without donor restriction in the statement of activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

5. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for property and equipment in excess of $2,500, or any tangible asset with an economic useful life of more than 12 months. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of between 15 - 39 years.

6. 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 those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended March 31, 2023, the costs of providing the various programs 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 programs and supporting services benefited. All costs are assigned directly to the program or functional area benefited.

9. Leases

The Organization accounts for leases in accordance with Accounting Standards Update (ASU) No. 2016-02, *Leases (ASC 842)*, as amended. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

9. Leases (concluded)

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statement of financial position. Finance leases are included in property and equipment and finance lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses its incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also include any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization may have lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

10. Recently Adopted Accounting Standard

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (ASC 842)*, as amended, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2021). It also elected not to reassess at adoption:

- expired or existing contracts to determine whether they are or contain a lease,
- the lease classification of any existing leases, or
- initial direct costs for existing leases.

As a result of implementing ASU No. 2016-02 on January 1, 2022, the Organization did not recognize a right-of-use asset or lease liability in its statement of financial position, nor was there any effect on net assets.

11. Subsequent Events

Management has evaluated subsequent events through November 21, 2023, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of March 31, 2023:

Description	2023
Financial assets at year end:	
Cash and cash equivalents	$ 170,484
Less amounts unavailable for general expenditures within one year, due to donor restrictions:	
Board-designated capital building improvements	(17,079)
Donor-restricted for capital building improvements	(83,440)
Financial assets available to meet cash needs for general expenditures	$ 69,965

The Organization considers donor-restricted contributions that will be spent within one year to be available for general expenditures. The Organization's goal is generally to maintain financial assets to meet 6 months of operating expenses, approximately $27,000. As part of its liquidity plan, excess cash is maintained in a checking account.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Description	Amount
Land	$ 666,702
Building	285,730
Building improvements	74,569
Loan origination fee	3,650
Total building and improvements	1,030,651
Less: accumulated depreciation	(20,200)
Net building and improvements	$ 1,010,451

Depreciation expense for the year was $9,608.

NOTE 5 - NOTES PAYABLE

Notes payable included the following:

Description	Amount
Local bank: Original amount $350,000; dated March 24, 2021; maturing on April 5, 2031. Monthly principal and interest payments (currently $2,088) with an interest rate of 3.75% amortized over 60 months. Monthly payments increase on May 5, 2026 to $2,124 with interest calculated based on the Federal Home Loan Bank of Topeka 5 year amortized rate quoted on the first day of each month adjusted up to the neaest 1/8% (.125) (currently 0.940%) , plus a margin of 3 percentage point, the sum rouned up to the nearest 0.125 resulting in an initial interst rate of 4%. Loan is secured by first deed of trust on property.	$ 316,787
Local bank: Original amount $150,000; dated March 24, 2021; maturing on April 5, 2041. Monthly principal and interest payments (currently $875) with an interest rate of 3.50% amortized over 240 months. Loan is secured by first deed of trust on property.	139,902
	$ 456,689

The future scheduled maturities for the years ending December 31st are:

Year	Amount
2024	$ 18,733
2025	19,445
2026	20,172
2027	20,682
2028	21,458
2029 and thereafter	356,199
Total	$ 456,689

NOTE 6 - BOARD-DESIGNATED NET ASSETS

The Board has designated assets to provide for an operating reserve. This reserve is intended to be used for operations if needed due to unexpected circumstances, such as reductions in grant funding and contributions. The Board of Directors has variance power over the ultimate use of the board-designated operating reserves. Because the Board has control, these reserves are included in the net assets without donor restrictions of the Organization.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are to be used for the following purposes:

Description	Amount
Capital building improvements	$ 83,440

NOTE 8 - IN-KIND CONTRIBUTIONS

Donated services which require recognition are those that create or enhance non-financial assets or that specifically require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization received approximately 2,614 volunteer service hours not requiring professional level skills, consisting primarily of meeting volunteers, landscaping, and miscellaneous other administrative and maintenance tasks valued at $83,125. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition.

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, restricted net assets were released from restrictions by satisfying restricted purposes as follows:

Description	Amount
Capital building improvements	$ 16,540
Loan paydown funds	6,520
Buildings awanings	2,000
Total	$ 25,060

NOTE 10 - CONCENTRATION OF REVENUE RISK

For the year ended March 31, 2023, one foundation represented 86% of the Organization's funding received for **building remodel The Organization is not dependent on this funding source to continue its current level of service.**

NOTE 11 - RELATED PARTY TRANSACTIONS

The following related party transactions occurred between the Organization and its board members during the year ended March 31, 2023:

Description	Amount
Building improvements	$ 3,271
Cleaning services	2,350
Total	$ 5,621

Management and the Board have reviewed these transactions and determined that they were approved in accordance with the Organization's conflict of interest policy and are in the best interests of the organization. No amounts were owed to these related parties as of March 31, 2023