

MATTHEW SHEPARD FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**MATTHEW SHEPARD FOUNDATION
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF CASH FLOWS	7
STATEMENTS OF FUNCTIONAL EXPENSES	8
NOTES TO FINANCIAL STATEMENTS	10



INDEPENDENT AUDITORS' REPORT

Board of Directors
Matthew Shepard Foundation
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Matthew Shepard Foundation (a nonprofit corporation, the Foundation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the change 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Correction of an Error

As discussed in Note 8 to the financial statements, the Foundation has adjusted contributions receivable, contribution revenue, and net asset with donor restrictions. These adjustments were recorded during 2021 and impacted balances as of June 30, 2022. Our opinion is not modified with respect to this matter.

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 the Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 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, 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Matthew Shepard Foundation

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
January 20, 2023

MATTHEW SHEPARD FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	As Restated 2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 238,305	\$ 250,957
Accounts Receivable, Net	12,583	29,447
Contributions Receivable, Net (Restated - Note 8)	-	285,000
Inventory	20,743	4,947
Prepaid Expenses	33,455	11,512
Total Current Assets	305,086	581,863
PROPERTY AND EQUIPMENT		
Furniture and Equipment	26,210	34,263
Leasehold Improvements	3,862	3,862
Less: Accumulated Depreciation	(15,232)	(28,961)
Total Property and Equipment, Net	14,840	9,164
OTHER ASSETS		
Investments	712,916	551,409
Security Deposits	15,277	15,277
Total Other Assets	728,193	566,686
Total Assets	\$ 1,048,119	\$ 1,157,713
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 44,034	\$ 25,398
Deferred Revenue	4,634	-
Taxes, Other than Income	9,821	6,713
Total Current Liabilities	58,489	32,111
NET ASSETS		
With Donor Restrictions (Restated - Note 8)	41,740	316,561
Without Donor Restrictions	947,890	809,041
Total Net Assets	989,630	1,125,602
Total Liabilities and Net Assets	\$ 1,048,119	\$ 1,157,713

See accompanying Notes to Financial Statements.

**MATTHEW SHEPARD FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 832,580	\$ 225,157	\$ 1,057,737
Events Contributions	107,522	-	107,522
Merchandise Sales	12,171	-	12,171
Speaking Fees	101,566	-	101,566
Other Revenues	301	-	301
Investment Loss	(122,968)	-	(122,968)
Net Assets Released from Restrictions	499,978	(499,978)	-
Total Support and Revenue	1,431,150	(274,821)	1,156,329
EXPENSES			
Outreach	537,403	-	537,403
Resources	215,943	-	215,943
Advocacy	406	-	406
Fundraising	370,649	-	370,649
General and Administration	167,900	-	167,900
Total Expenses	1,292,301	-	1,292,301
CHANGES IN NET ASSETS	138,849	(274,821)	(135,972)
Net Assets - Beginning of Year (As Restated - Note 8)	809,041	316,561	1,125,602
NET ASSETS - END OF YEAR	\$ 947,890	\$ 41,740	\$ 989,630

See accompanying Notes to Financial Statements.

**MATTHEW SHEPARD FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	As Restated		
	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 699,434	\$ 431,561	\$ 1,130,995
Events Contributions	48,516	-	48,516
Merchandise Sales	9,403	-	9,403
Speaking Fees	106,120	-	106,120
Paycheck Protection Program Loan Forgiveness	121,700	-	121,700
Other Revenues	1,954	-	1,954
Investment Income	85,285	-	85,285
Net Assets Released from Restrictions	179,850	(179,850)	-
Total Support and Revenue	<u>1,252,262</u>	<u>251,711</u>	<u>1,503,973</u>
EXPENSES			
Outreach	371,121	-	371,121
Resources	124,722	-	124,722
Advocacy	3,191	-	3,191
Fundraising	282,316	-	282,316
General and Administration	123,524	-	123,524
Total Expenses	<u>904,874</u>	<u>-</u>	<u>904,874</u>
CHANGES IN NET ASSETS (AS RESTATED - NOTE 8)	347,388	251,711	599,099
Net Assets - Beginning of Year	<u>461,653</u>	<u>64,850</u>	<u>526,503</u>
NET ASSETS - END OF YEAR (AS RESTATED - NOTE 8)	<u>\$ 809,041</u>	<u>\$ 316,561</u>	<u>\$ 1,125,602</u>

See accompanying Notes to Financial Statements.

**MATTHEW SHEPARD FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	As Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes In Net Assets	\$ (135,972)	\$ 599,099
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,272	1,588
Unrealized and Realized Loss (Gain) on Investments	126,641	(75,038)
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	16,864	(2,591)
Contributions Receivable, Net	285,000	(237,150)
Inventory	(15,796)	(1,267)
Prepaid Expenses	(21,943)	3,400
Accounts Payable and Other Liabilities	26,378	(13,897)
Net Cash Provided by Operating Activities	284,444	274,144
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the Sale of Investments	31,188	28,792
Purchase of Property and Equipment	(8,948)	(2,095)
Purchase of Investments	(319,336)	(239,914)
Net Cash Used by Investing Activities	(297,096)	(213,217)
NET CHANGE IN CASH	(12,652)	60,927
Cash - Beginning of Year	250,957	190,030
CASH - END OF YEAR	\$ 238,305	\$ 250,957

See accompanying Notes to Financial Statements.

MATTHEW SHEPARD FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Outreach	Resources	Advocacy	Fundraising	General and Administration	Total
Salaries and Wages	\$ 287,008	\$ 117,660	\$ 271	\$ 137,638	\$ 68,121	\$ 610,698
Catering and Event	2,807	-	-	62,295	-	65,102
Travel	54,467	2,124	5	9,686	835	67,117
Rent and Occupancy Costs	46,623	19,316	60	22,884	11,203	100,086
Other Consultants	26,733	1,669	-	1,577	4,482	34,461
Professional Fees	3,740	100	-	118	63,093	67,051
Contributions and Grants	12,399	52	-	93	22	12,566
Web Design and Maintenance	152	13,660	-	56	26	13,894
Payroll Tax Expense	24,347	10,006	23	11,752	5,806	51,934
Employee Benefits	26,258	10,636	23	12,133	6,174	55,224
Staff Training and Professional Development	233	189	-	138	64	624
Bank and Credit Card Fees	1,095	308	-	18,853	198	20,454
Premiums	-	-	-	18,703	-	18,703
Advertising and Marketing	565	19	-	36,905	10	37,499
Photocopying and Printing	4,492	2,680	3	5,132	774	13,081
Telephone	9,181	3,724	6	4,217	2,160	19,288
Dues and Subscriptions	1,970	5,667	-	3,435	116	11,188
Mileage and Parking	4,221	1,179	2	1,495	635	7,532
Postage and Delivery	2,447	1,543	3	2,092	517	6,602
Temporary Workers and Interns	437	154	-	117	92	800
Communications	480	19,200	-	-	-	19,680
Supplies	3,635	784	1	3,025	467	7,912
Miscellaneous Expense	489	221	-	296	123	1,129
Conference and Convention	3,096	749	-	749	-	4,594
Licenses, Fees, and Permits	2,559	28	-	11,882	14	14,483
Equipment - Service	1,827	1,358	2	730	428	4,345
Merchandise	7,756	-	-	-	-	7,756
Meals and Meetings	5,266	1,676	4	3,204	997	11,147
Insurance	1,118	462	1	545	268	2,394
Depreciation	1,605	608	1	683	375	3,272
Workers Compensation Insurance	397	171	1	216	100	885
Direct Deposit Fees	-	-	-	-	800	800
Total	\$ 537,403	\$ 215,943	\$ 406	\$ 370,649	\$ 167,900	\$ 1,292,301

See accompanying Notes to Financial Statements.

MATTHEW SHEPARD FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Outreach	Resources	Advocacy	Fundraising	General and Administration	Total
Salaries and Wages	\$ 228,231	\$ 45,166	\$ 1,458	\$ 148,199	\$ 53,508	\$ 476,562
Catering and Event	-	-	-	5,171	-	5,171
Travel	9,007	7	-	17	8	9,039
Rent and Occupancy Costs	46,985	9,677	263	30,959	11,841	99,725
Other Consultants	11,629	7,430	-	11,854	144	31,057
Professional Fees	2,985	447	26	1,816	40,802	46,076
Contributions and Grants	-	-	1,000	-	-	1,000
Web Design and Maintenance	-	15,077	-	175	-	15,252
Payroll Tax Expense	20,436	4,107	147	13,100	5,027	42,817
Employee Benefits	19,047	3,598	119	12,122	4,334	39,220
Staff Training and Professional Development	1,303	226	2	2,109	189	3,829
Bank and Credit Card Fees	7,084	1,361	65	4,982	1,574	15,066
Premiums	-	-	-	4,823	-	4,823
Advertising and Marketing	31	814	-	-	-	845
Photocopying and Printing	3,369	867	21	6,594	685	11,536
Telephone	6,460	1,481	25	4,480	2,283	14,729
Dues and Subscriptions	2,231	3,329	15	9,548	353	15,476
Mileage and Parking	505	126	1	380	169	1,181
Postage and Delivery	2,922	618	20	4,007	709	8,276
Temporary Workers and Interns	-	9,471	-	-	-	9,471
Communications	480	20,080	-	-	-	20,560
Supplies	1,218	254	1	2,071	478	4,022
Miscellaneous Expense	(502)	(136)	5	(585)	(271)	(1,489)
Conference and Convention	200	-	-	-	-	200
Licenses, Fees, and Permits	61	10	2	18,159	10	18,242
Equipment - Service	1,255	262	8	824	401	2,750
Merchandise	2,999	-	-	-	-	2,999
Meals and Meetings	907	-	-	-	-	907
Insurance	1,054	220	6	703	337	2,320
Depreciation	751	155	4	498	180	1,588
Workers Compensation Insurance	473	75	3	310	194	1,055
Direct Deposit Fees	-	-	-	-	569	569
Total	\$ 371,121	\$ 124,722	\$ 3,191	\$ 282,316	\$ 123,524	\$ 904,874

See accompanying Notes to Financial Statements.

**MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Matthew Shepard Foundation (the Foundation) is a 501(c)(3) nonprofit corporation that strives to replace hate with understanding, compassion, and acceptance by amplifying the story of Matthew Shepard and inspiring individuals, organizations, and communities to embrace the dignity and equality of all people. In a diverse approach to Erasing Hate through local, regional, and national outreach, the Foundation seeks to empower individuals to find their voice to create change and challenge communities to identify and address hate that lives within our schools, neighborhoods, and homes. The Foundation works to support the teaching and use of artistic and literary works that illustrate the importance of diversity and the role of individuals in countering hatred and bias; to train peace officers, prosecutors, and the public on hate crime prevention, enforcement, and reporting; and to provide platforms for LGBTQ and Allied youth to use their voices to demonstrate their authentic lived experiences. The Foundation was organized under the laws of the state of Wyoming in 1998, is headquartered in Casper, Wyoming, and maintains its principal business office in Denver, Colorado.

Basis of Presentation Method of Accounting

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to nonprofit entities. Accordingly, all significant receivables, payables and other assets and liabilities are reflected in the financial statements.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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 Foundation does not have any perpetually restricted net assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of cash flows, the Foundation considers all demand deposits and money market accounts as cash and cash equivalents. The Foundation maintains cash balances in various banking institutions. Accounts held in banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. From time to time throughout the year, the Foundation's cash balances may exceed the FDIC limit.

**MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is carried at cost or acquisition value at date of purchase. Property and equipment acquired with an estimated useful life in excess of one year and cost in excess of \$1,000 is capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. Donations of assets are recorded at estimated fair market value.

Maintenance cost and repairs are expensed when incurred; renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the respective costs and accumulated depreciation are removed from the accounts. The resulting gain or loss is included in the statement of activities for that period, except for nonmonetary exchanges in which the basis of the asset acquired is adjusted for the gain or loss. Proceeds from the sale of assets, if unrestricted, are transferred to the operating fund, or if restricted, are transferred to the temporarily restricted fund for equipment acquisitions.

In the event that facts and circumstances indicate that the cost of property and equipment or other assets may be impaired, an evaluation of the recoverability would be performed. If an evaluation were required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required.

Investments

The Foundation is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values with unrealized gains and losses included in the statement of activities. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Grants, Contributions and Events

The Foundation records contributions in accordance with the requirements of U.S. GAAP for nonprofit entities. The Foundation recognizes revenue for contributions (and grants considered to be contributions) based upon the presence or absence of donor-imposed conditions. For those contributions absent of donor-imposed conditions, revenues are recognized at the time the Foundation is notified of the contribution and the promise is verified, regardless of the timing of cash receipt. For contributions with donor-imposed conditions – that is, those with a measurable performance or other barrier and a right of return or release – revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

**MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Property

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Foundation's programs. The value of this contributed time is not reflected in these statements since it does not meet the requirements under ASC 958. Under ASC 958, contributed services are recorded if they create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In-kind contributions are recorded as revenue and expense at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Foundation reclassifies donor-restricted net assets to net assets without donor restrictions at that time.

Speaking Fees Revenue

Speaking fees revenue is reported at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for providing speaking services to the funders as specified in each signed contract. Revenue is recognized as performance obligations are satisfied based on the fees described in each contract.

Performance obligations are determined based on the nature of the services provided by the Foundation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Foundation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The Foundation measures the performance obligation from the signing of the contract and commencement of work, to the point when all services as outlined in the contract have been performed.

Payments received in advance of the performance of services deemed to be exchange transactions are deferred until such time as related expenditures are incurred and then revenue is recognized. The Foundation did not have any deferred revenue as of June 30, 2022 and 2021.

**MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable and Allowance for Uncollectible Contributions

The Foundation receives grants from individuals, corporations, and philanthropically focused organizations for investment in the Foundation's mission related projects. Contributions receivable consist of funding commitments from those organizations, which have not been received. The Foundation does not charge interest on delinquent accounts.

The allowance on contributions and grants receivable is based on specific-identification of potential uncollectible pledges as well as past history of collection. For the years ended June 30, 2022 and 2021, management determined that an allowance for uncollectible contributions receivable was not necessary.

Accounts Receivable and Allowance for Doubtful Accounts

The Foundation receives contracts to carry out services under its programs. Accounts receivable consist of payment due for contract services provided, which have not been received.

The Foundation uses the allowance method for bad debts. Under this method, an estimation of the uncollectible portion of receivables is offset against receivables. As accounts are determined to be uncollectible, receivables and the allowance account are reduced. In the opinion of management, there were no uncollectible balances as of June 30, 2022 and 2021.

Inventory

The inventory is valued using the lower of cost, determined by a first-in-first-out method, or net realizable value.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Program activities are those that are conducted in accordance with the Foundation's nature of operations and certain necessary costs. Management and general activities are those that are not identifiable with a single program or fundraising activity, but that are indispensable to the conduct of those activities and to the Foundation's existence. Fundraising activities involve inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Salaries, benefits, and payroll tax expense is allocated to programs, management, and general activities, and fundraising based on time recorded, classified and estimated by employees. All other expense is allocated to activities based on direct costs to those activities.

**MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Some estimates are made based on management's expectation of what they believe to be expected future results. Actual amounts could differ from those estimates.

Income Tax Status

The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3); consequently, no provision or liability for income taxes has been provided in the accompanying financial statements.

The Foundation has adopted provisions of ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns, including the position that the Foundation continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

The Foundation undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by ASC 740-10. Management does not believe there to be any uncertain tax positions and has thus not recorded any related provision.

Subsequent Events

Subsequent events have been evaluated through January 20, 2023, which is the date the financial statements were available to be issued. Except as disclosed in Note 5, there were no subsequent events that would require adjustments or disclosures in financial statements.

New Accounting Pronouncements Effective in Future Accounting Periods

ASU 2016-02 Leases (Topic 842). This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. It is effective for fiscal year beginning after December 15, 2021. Management will be evaluating the effects of this new standard.

**MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30:

	2022	As Restated 2021
Financial Assets:		
Cash and Cash Equivalents	\$ 238,305	\$ 250,957
Accounts Receivable, Net	12,583	29,447
Contributions Receivable, Net	-	285,000
Investments	712,916	551,409
Total	963,804	1,116,813
Less:		
Donor Imposed Restrictions Making Financial Assets Unavailable for General Expenditure	(41,740)	(316,561)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 922,064	\$ 800,252

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Foundation 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 we can access 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, we develop inputs using the best information available in the circumstances.

**MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

In some cases, the inputs used to measure the fair value of an asset 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 Foundation's assessment of the quality, risk, or liquidity profile of the asset or liability.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents assets measured at fair value on a recurring basis as of June 30:

	2022			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 61,130	\$ -	\$ -	\$ 61,130
Mutual Funds				
Equities	231,633	-	-	231,633
Fixed Income	196,838	-	-	196,838
Exchange Traded Products				
Equities	15,672	-	-	15,672
Fixed Income	2,788	-	-	2,788
Equities	134,851	-	-	134,851
Corporate Bonds	-	7,606	-	7,606
US Government Obligations	62,398	-	-	62,398
Total	<u>\$ 705,310</u>	<u>\$ 7,606</u>	<u>\$ -</u>	<u>\$ 712,916</u>

	2021			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 37,897	\$ -	\$ -	\$ 37,897
Mutual Funds				
Equities	276,127	-	-	276,127
Fixed Income	199,983	-	-	199,983
Exchange Traded Products				
Equities	20,596	-	-	20,596
Fixed Income	3,228	-	-	3,228
Equities	10,230	-	-	10,230
US Government Obligations	3,348	-	-	3,348
Total	<u>\$ 551,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 551,409</u>

**MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investment (loss) income for the year ended June 30, 2022 consisted of the following:

	2022	2021
Interest and Dividend Income	\$ 8,305	\$ 10,247
Realized Gains	20,357	-
Unrealized (Loss) Gain	(151,630)	75,038
Total Investment (Loss) Income	\$ (122,968)	\$ 85,285

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

The Foundation receives contributions from various corporations, organizations, and individuals. Net assets are restricted for the following purposes or periods as of June 30:

	2022	As Restated 2021
Subject to Expenditure for Specific Purpose:		
Gala Event Sponsorships	\$ 30,000	\$ 16,561
Public Outreach	11,740	-
Time	-	285,000
Hate Crimes	-	15,000
Total Net Assets With Donor Restrictions	\$ 41,740	\$ 316,561

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the year ended June 30:

	2022	As Restated 2021
Purpose Restrictions Accomplished:		
Time	\$ 285,000	\$ -
Gala Event Sponsorships	177,678	37,000
Hate Crimes	15,000	75,000
Legacy Media	10,000	15,000
Public Outreach	7,300	47,850
Matthew's Place	5,000	5,000
Total Net Assets With Donor Restrictions	\$ 499,978	\$ 179,850

**MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 5 LONG-TERM LEASE

Office Lease

The Foundation entered into a 60-month lease for office space. The effective date of the lease was July 1, 2018; however, the commencement date was August 1, 2018. The lease provides for base monthly rent payments starting at \$4,186 and escalating to \$4,711 for the last year of the lease.

A summary of future minimum lease payments is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 56,258
2024	9,422
Total	<u>\$ 65,680</u>

During December 2022, the Foundation entered into an amendment to the lease extending the lease for an additional 24 months, set to expire on July 31, 2025. The lease provides monthly rent payments at \$4,853 for the first 12 months of the extension and \$4,999 for the last 12 months of the extension.

NOTE 6 EMPLOYEE BENEFITS

Retirement Plan

The Foundation has a Simple IRA Plan offered to all employees. Employees may make elective deferrals and the Foundation can match elective deferrals up to 3% of wages. The total of the Foundation match for the years ended June 30, 2022 and 2021, was \$14,365 and \$9,166, respectively.

Health Insurance

The Foundation also provides health insurance, of which part of the cost of which is paid by the employees. Total cost of this benefit by the Foundation for the years ended June 30, 2022 and 2021, was \$40,709 and \$29,899, respectively.

NOTE 7 PAYCHECK PROTECTION PROGRAM (PPP) LOAN

Second Draw PPP Loan

On January 30, 2021 the Foundation received a loan from Hilltop National Bank totaling \$121,700 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA.

**MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 PAYCHECK PROTECTION PROGRAM (PPP) LOAN (CONTINUED)

Second Draw PPP Loan (Continued)

Therefore, the Foundation has classified this loan as a conditional contribution for accounting purposes, in accordance with Account Standards Codification (ASC) 958-605. Accordingly, the Foundation recognized \$121,700 of Paycheck Protection Program Loan Forgiveness revenue related to this agreement during the year ended June 30, 2021, which represents the entire amount of the PPP Loan as management believes that all the related performance barriers have been met.

On June 24, 2021, the SBA processed the Foundation's second draw PPP Loan forgiveness application and notified Hilltop Bank that the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Foundation was legally released from the debt.

First Draw PPP Loan

On April 5, 2020 the Foundation received a loan from Hilltop National Bank totaling \$121,700 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA.

Therefore, the Foundation has classified this loan as a conditional contribution for accounting purposes, in accordance with Account Standards Codification (ASC) 958-605. Accordingly, the Foundation recognized \$121,700 of Paycheck Protection Program Loan Forgiveness revenue related to this agreement during the year ended June 30, 2021, which represents the entire amount of the PPP Loan as management believes that all the related performance barriers have been met.

On November 18, 2020, the SBA processed the Foundation's first draw PPP Loan forgiveness application and notified Hilltop Bank that the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Foundation was legally released from the debt.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

MATTHEW SHEPARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 RESTATEMENT

The Foundation has restated its net assets as of July 1, 2021 to properly account for an unconditional contribution received during fiscal year 2021. FASB ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* states that unconditional promises to give shall be recognized in full when the promise to give contribution is received.

The effects of this restatement on the fiscal year 2021 financial statements have been summarized below.

Statement of Financial Position, 2021

	As Originally Reported		
	As Originally Reported	As Restated	Effect of Change
Contributions Receivable, Net	\$ -	\$ 285,000	\$ 285,000
Total Assets	<u>\$ 872,713</u>	<u>\$ 1,157,713</u>	<u>\$ 285,000</u>
Total Liabilities	<u>\$ 32,111</u>	<u>\$ 32,111</u>	<u>\$ -</u>
With Donor Restrictions	31,561	316,561	285,000
Without Donor Restrictions	809,041	809,041	-
Total Net Assets	<u>840,602</u>	<u>1,125,602</u>	<u>285,000</u>
Total Liabilities and Net Assets	<u>\$ 872,713</u>	<u>\$ 1,157,713</u>	<u>\$ 285,000</u>

Statement of Activities, 2021

	As Originally Reported			As Restated			Effect of Change		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Contributions	\$ 699,434	\$ 146,561	\$ 845,995	\$ 699,434	\$ 431,561	\$ 1,130,995	\$ -	\$ 285,000	\$ 285,000
Total Support and Revenue	<u>1,252,262</u>	<u>(33,289)</u>	<u>1,218,973</u>	<u>1,252,262</u>	<u>251,711</u>	<u>1,503,973</u>	<u>-</u>	<u>285,000</u>	<u>285,000</u>
Total Expenses	<u>904,874</u>	<u>-</u>	<u>904,874</u>	<u>904,874</u>	<u>-</u>	<u>904,874</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	347,388	(33,289)	314,099	347,388	251,711	599,099	-	285,000	285,000
Net Assets - Beginning of Year	461,653	64,850	526,503	461,653	64,850	526,503	-	-	-
Net Assets - End of Year	<u>\$ 809,041</u>	<u>\$ 31,561</u>	<u>\$ 840,602</u>	<u>\$ 809,041</u>	<u>\$ 316,561</u>	<u>\$ 1,125,602</u>	<u>\$ -</u>	<u>\$ 285,000</u>	<u>\$ 285,000</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.