



**RUDD & COMPANY** PLLC  
*certified public accountants | business consultants*

## **DWI**

### **Financial Statements with Independent Auditors' Report**

**June 30, 2024 and 2023**

*giving direction to your future*

**DWI**  
**Table of Contents**  
**June 30, 2024 and 2023**

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<b>Independent Auditors' Report</b> .....	1-2
<b>Financial Statements</b>	
Statements of Financial Position.....	3-4
Statement of Activities – Year Ended June 30, 2024 .....	5-6
Statement of Activities – Year Ended June 30, 2023 .....	7-8
Statement of Functional Expenses – Year Ended June 30, 2024.....	9-10
Statement of Functional Expenses – Year Ended June 30, 2023.....	11-12
Statements of Cash Flows.....	13-14
Notes to Financial Statements.....	15-25



**RUDD & COMPANY**<sup>INC.</sup>

certified public accountants | business consultants

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
DWI  
Idaho Falls, Idaho

### **Opinion**

We have audited the accompanying financial statements of DWI (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows 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 DWI as of June 30, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DWI 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.

### **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 DWI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

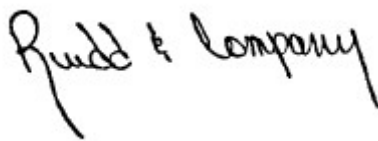
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance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

In performing an audit in accordance with generally accepted 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 DWI'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 DWI's 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.

Idaho Falls, Idaho  
November 19, 2024



**DWI**  
**Statements of Financial Position**  
**June 30,**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,090,096	\$ 1,457,366
Accounts receivable (net of allowance for uncollectible accounts of \$9,900 and \$6,000)	494,448	334,823
Related party receivable	5,004	18,744
Inventories	338,579	383,544
Prepaid expenses	<u>51,150</u>	<u>37,146</u>
Total Current Assets	<u>1,979,277</u>	<u>2,231,623</u>
Property, Plant and Equipment		
Land	1,036,187	1,036,187
Land improvements	71,352	75,102
Buildings	4,914,163	4,786,906
Machinery and equipment	2,686,756	2,696,259
Construction in progress	<u>38,135</u>	<u>71,494</u>
	8,746,593	8,665,948
Less accumulated depreciation	<u>(4,677,760)</u>	<u>(4,507,454)</u>
Net Property, Plant and Equipment	<u>4,068,833</u>	<u>4,158,494</u>
Other Assets		
Restricted cash - USDA Note Reserve Account	44,280	44,280
Restricted cash - Security Deposit	12,350	-
Membership in Transitional Living Center	<u>25,655</u>	<u>25,655</u>
Total Other Assets	<u>82,285</u>	<u>69,935</u>
	<u>\$ 6,130,395</u>	<u>\$ 6,460,052</u>

The Accompanying Notes are an Integral  
Part of the Financial Statements.

	<u>2024</u>	<u>2023</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 43,295	\$ 71,152
Accrued payroll	70,344	57,305
Accrued other liabilities	59,555	93,330
Security deposit liability	12,350	-
Current portion of finance lease liability	44,404	53,566
Current portion of long-term debt	40,236	38,624
Total Current Liabilities	<u>270,184</u>	<u>313,977</u>
Long-Term Liabilities		
Finance lease liability	45,014	90,058
Long-term debt	640,008	680,244
Accrued all purpose leave	178,265	193,471
Total Long-Term Liabilities	<u>863,287</u>	<u>963,773</u>
Total Liabilities	<u>1,133,471</u>	<u>1,277,750</u>
Net Assets		
Without donor restrictions	4,996,924	5,182,302
With donor restrictions	-	-
Total Net Assets	<u>4,996,924</u>	<u>5,182,302</u>
	<u>\$ 6,130,395</u>	<u>\$ 6,460,052</u>

The Accompanying Notes are an Integral  
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**DWI**  
**Statement of Activities**  
**Year Ended June 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Support and Other Income			
Revenues:			
Medicaid services income	\$ 1,971,105	\$ -	\$ 1,971,105
Service contracts income	1,498,440	-	1,498,440
Products income	645,450	-	645,450
Health and welfare income	249,675	-	249,675
Vocational rehabilitation	37,776	-	37,776
Other income	31,599	-	31,599
	<u>4,434,045</u>	<u>-</u>	<u>4,434,045</u>
Total Revenues			
Support and Other Income:			
Donations	-	76,078	76,078
Grants	-	43,045	43,045
United Way	6,237	-	6,237
Other income	147,427	-	147,427
Earnings on investments	21,489	-	21,489
Gain on sale of fixed assets	450	-	450
	<u>175,603</u>	<u>119,123</u>	<u>294,726</u>
Total Support and Other Income			
Support Provided by Expiring Time and Purpose Restrictions	<u>119,123</u>	<u>(119,123)</u>	<u>-</u>
Total Revenues, Support and Other Income	4,728,771	-	4,728,771

The Accompanying Notes are an Integral  
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Expenses			
Program Services:			
Janitorial	1,315,800	-	1,315,800
Medicaid	1,547,740	-	1,547,740
Production	847,836	-	847,836
Rehabilitation	513,691	-	513,691
	<u>4,225,067</u>	<u>-</u>	<u>4,225,067</u>
Total Program Services			
General and Administrative	689,082	-	689,082
	<u>689,082</u>	<u>-</u>	<u>689,082</u>
Total Expenses	<u>4,914,149</u>	<u>-</u>	<u>4,914,149</u>
Change in Net Assets	(185,378)	-	(185,378)
Net Assets at Beginning of Year	<u>5,182,302</u>	<u>-</u>	<u>5,182,302</u>
Net Assets at End of Year	<u>\$ 4,996,924</u>	<u>\$ -</u>	<u>\$ 4,996,924</u>

The Accompanying Notes are an Integral  
Part of the Financial Statements.



**DWI**  
**Statement of Activities**  
**Year Ended June 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues, Support and Other Income			
Revenues:			
Medicaid services income	\$ 2,085,065	\$ -	\$ 2,085,065
Service contracts income	1,581,139	-	1,581,139
Products income	728,039	-	728,039
Health and welfare income	229,219	-	229,219
Vocational rehabilitation	26,643	-	26,643
Other income	27,668	-	27,668
Total Revenues	<u>4,677,773</u>	<u>-</u>	<u>4,677,773</u>
Support and Other Income:			
Donations	-	234,876	234,876
United Way	-	4,777	4,777
Grants		196,772	196,772
Other income	119,766	-	119,766
Earnings on investments	13,640	-	13,640
Gain on sale of fixed assets	7,010	-	7,010
Total Support and Other Income	<u>140,416</u>	<u>436,425</u>	<u>576,841</u>
Support Provided by Expiring Time and Purpose Restrictions	<u>436,425</u>	<u>(436,425)</u>	<u>-</u>
Total Revenues, Support and Other Income	5,254,614	-	5,254,614

The Accompanying Notes are an Integral  
Part of the Financial Statements.

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Expenses			
Program Services:			
Rehabilitation	503,367	-	503,367
Production	835,727	-	835,727
Medicaid	1,733,530	-	1,733,530
Janitorial	1,275,121	-	1,275,121
	<u>4,347,745</u>	<u>-</u>	<u>4,347,745</u>
Total Program Services			
General and Administrative	804,234	-	804,234
	<u>804,234</u>	<u>-</u>	<u>804,234</u>
Total Expenses	<u>5,151,979</u>	<u>-</u>	<u>5,151,979</u>
Change in Net Assets	102,635	-	102,635
Net Assets at Beginning of Year	<u>5,079,667</u>	<u>-</u>	<u>5,079,667</u>
Net Assets at End of Year	<u>\$ 5,182,302</u>	<u>\$ -</u>	<u>\$ 5,182,302</u>

The Accompanying Notes are an Integral  
Part of the Financial Statements.

**DWI**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2024**

	<b>Program Services</b>		
	<b>Rehabilitation</b>	<b>Production</b>	<b>Medicaid</b>
Direct Materials			
Purchases	\$ -	\$ 205,070	\$ -
Total Direct Materials	-	205,070	-
Direct Labor			
Client labor	850	96,229	1,615
Insurance - employee group	38,553	18,010	81,329
Insurance -workers comp	6,072	5,675	16,189
Payroll taxes	25,831	24,143	67,394
Production labor	-	132,822	791
Retirement costs	5,162	2,767	11,158
Staff labor	348,729	96,733	903,669
Total Direct Labor	425,197	376,379	1,082,145
Other Expenses			
Advertising	-	-	-
Bad debts	-	-	-
Bank charges and interest	3,532	-	28,252
Commissions	-	16,714	-
Data processing	18,885	13,904	46,294
Depreciation	27,627	70,242	118,362
Dues and subscriptions	-	145	64
Freight - out	-	7,457	-
Insurance - general	10,494	9,674	40,331
Office supplies/postage	570	95	2,967
Other expenses	3,155	13,696	45,664
Professional development	565	1,435	7,006
Professional services	1,143	-	14,679
Public relations	64	-	271
Rent	-	37	12,695
Repairs and maintenance	3,834	36,251	49,704
Service contract supplies	-	-	261
Shop and program supplies	27	6,374	5,030
Small tool and appliances	-	2,568	-
Sub-contracted services	-	56,915	44
Taxes and licenses	598	4,368	2,618
Telephone	4,247	-	56
Travel	-	-	2,114
Utilities	4,443	26,303	54,939
Vehicle operation/maintenance	9,310	209	34,244
Total Other Expenses	88,494	266,387	465,595
Total Expenses	\$ 513,691	\$ 847,836	\$ 1,547,740

The Accompanying Notes are an Integral  
Part of the Financial Statements.

<b>Program Services</b>				
<b>Janitorial</b>	<b>Distributions</b>	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Total Expenses</b>
\$ -	\$ -	\$ 205,070	\$ -	\$ 205,070
-	-	205,070	-	205,070
980	-	99,674	54	99,728
144,105	-	281,997	43,202	325,199
24,863	-	52,799	6,770	59,569
64,363	-	181,731	29,004	210,735
783,422	-	917,035	-	917,035
21,185	-	40,272	7,943	48,215
60,978	-	1,410,109	403,282	1,813,391
1,099,896	-	2,983,617	490,255	3,473,872
-	-	-	11,346	11,346
-	-	-	5,016	5,016
1,133	-	32,917	3,090	36,007
49,335	-	66,049	-	66,049
44,069	-	123,152	12,627	135,779
10,543	-	226,774	17,103	243,877
-	-	209	6,086	6,295
-	-	7,457	-	7,457
7,888	-	68,387	26,034	94,421
-	-	3,632	16,386	20,018
3,594	-	66,109	22,218	88,327
1,337	-	10,343	5,865	16,208
9,404	-	25,226	34,951	60,177
-	-	335	20,287	20,622
1,705	-	14,437	-	14,437
4,952	-	94,741	10,343	105,084
60,535	-	60,796	-	60,796
-	-	11,431	119	11,550
-	-	2,568	-	2,568
10,709	-	67,668	550	68,218
173	-	7,757	427	8,184
505	-	4,808	577	5,385
-	-	2,114	1,416	3,530
4,180	-	89,865	2,327	92,192
5,842	-	49,605	2,060	51,665
215,904	-	1,036,380	198,827	1,235,207
\$ 1,315,800	\$ -	\$ 4,225,067	\$ 689,082	\$ 4,914,149

The Accompanying Notes are an Integral  
Part of the Financial Statements.

**DWI**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023**

	<b>Program Services</b>		
	<b>Rehabilitation</b>	<b>Production</b>	<b>Medicaid</b>
Direct Materials			
Purchases	\$ -	\$ 275,829	\$ -
Total Direct Materials	-	275,829	-
Direct Labor			
Client labor	533	73,346	-
Production labor	-	118,303	2,799
Staff labor	345,159	77,239	1,065,044
Payroll taxes	25,656	20,666	79,026
Insurance -workers comp	7,075	6,074	21,938
Insurance - employee group	27,320	28,819	96,253
Retirement costs	2,506	1,831	10,262
Total Direct Labor	408,249	326,278	1,275,322
Other Expenses			
Advertising	-	-	-
Bad debts	-	-	-
Commissions	-	19,134	-
Data processing	15,836	11,454	39,418
Depreciation	27,779	64,735	112,182
Dues and subscriptions	-	139	308
Freight - out	-	10,859	1
Insurance - general	9,687	8,185	37,352
Interest	5,201	-	30,680
Office supplies/postage	868	95	2,036
Other expenses	4,672	10,394	51,202
Professional development	-	5,917	384
Professional services	-	2,000	-
Public relations	56	-	112
Rent	-	-	12,695
Repairs and maintenance	5,639	45,933	47,221
Samples	-	253	-
Service contract supplies	-	-	55
Shop and program supplies	1,159	3,070	7,743
Small tool and appliances	42	2,569	-
Sub-contracted services	-	20,224	44
Taxes and licenses	754	1,668	2,954
Telephone	4,232	-	794
Travel	-	-	4,688
Utilities	6,528	26,663	57,479
Vehicle operation/maintenance	12,665	328	50,860
Total Other Expenses	95,118	233,620	458,208
Total Expenses	\$ 503,367	\$ 835,727	\$ 1,733,530

The Accompanying Notes are an Integral  
Part of the Financial Statements.

<b>Program Services</b>				
<b>Janitorial</b>	<b>Distributions</b>	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Total Expenses</b>
\$ -	\$ -	\$ 275,829	\$ -	\$ 275,829
-	-	275,829	-	275,829
78	-	73,957	5,328	79,285
762,162	-	883,264	566	883,830
59,226	-	1,546,668	436,861	1,983,529
61,253	-	186,601	31,543	218,144
26,997	-	62,084	8,857	70,941
147,621	-	300,013	40,960	340,973
20,847	-	35,446	6,362	41,808
1,078,184	-	3,088,033	530,477	3,618,510
-	-	-	16,293	16,293
-	-	-	211	211
52,007	-	71,141	-	71,141
41,688	-	108,396	10,063	118,459
9,010	-	213,706	32,717	246,423
-	-	447	6,666	7,113
-	-	10,860	-	10,860
7,001	-	62,225	24,284	86,509
420	-	36,301	7,597	43,898
95	-	3,094	17,838	20,932
1,953	-	68,221	31,095	99,316
-	-	6,301	12,251	18,552
-	-	2,000	35,807	37,807
-	-	168	31,356	31,524
1,705	-	14,400	-	14,400
8,209	-	107,002	28,741	135,743
-	-	253	-	253
53,595	-	53,650	-	53,650
-	-	11,972	-	11,972
280	-	2,891	-	2,891
11,783	-	32,051	-	32,051
246	-	5,622	1,183	6,805
202	-	5,228	795	6,023
633	-	5,321	6,916	12,237
3,067	-	93,737	7,935	101,672
5,043	-	68,896	2,009	70,905
196,937	-	983,883	273,757	1,257,640
\$ 1,275,121	\$ -	\$ 4,347,745	\$ 804,234	\$ 5,151,979

The Accompanying Notes are an Integral  
Part of the Financial Statements.

**DWI**  
**Statements of Cash Flows**  
**Years Ended June 30,**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (185,378)	\$ 102,635
Adjustments to reconcile net assets to net cash provided (used) by operating activities		
(Gain) loss on sale of assets	(450)	(7,010)
Depreciation	243,877	246,423
Net change in		
Accounts receivable	(140,541)	31,600
Inventories	44,965	5,200
Prepaid expenses	(14,004)	1,832
Accounts payable	(33,201)	23,549
Deferred revenue	-	(103,832)
Security deposit payable	12,350	-
Accrued expenses	(20,736)	(77,447)
Accrued all purpose leave	(15,206)	(17,864)
	<u>(108,324)</u>	<u>205,086</u>
Net Cash Provided (Used) by Operating Activities		
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property and equipment	450	7,010
Purchases of property and equipment	(154,216)	(147,508)
	<u>(153,766)</u>	<u>(140,498)</u>
Net Cash Used by Investing Activities		

The Accompanying Notes are an Integral  
Part of the Financial Statements.

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Financing Activities</b>		
Payments on long-term debt	(38,624)	(37,081)
Payments on finance leases	(54,206)	(51,828)
Net Cash Used by Financing Activities	<u>(92,830)</u>	<u>(88,909)</u>
Net Increase (Decrease) in Cash	(354,920)	(24,321)
Cash at Beginning of Year	<u>1,501,646</u>	<u>1,525,967</u>
Cash at End of Year	<u>\$ 1,146,726</u>	<u>\$ 1,501,646</u>
<b>Noncash Information</b>		
Capitalized equipment from leases	\$ -	\$ 24,605
<b>Balances Per Statements of Financial Position</b>		
Cash and cash equivalents	\$ 1,090,096	\$ 1,457,366
Restricted cash - USDA Note Reserve Account	44,280	\$ 44,280
Restricted cash - Security Deposit	<u>12,350</u>	<u>-</u>
	<u>\$ 1,146,726</u>	<u>\$ 1,501,646</u>

The Accompanying Notes are an Integral  
Part of the Financial Statements.



**DWI**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**1. Summary of Significant Accounting Policies**

**Nature of Activities**

DWI (the Corporation) was incorporated in August 1973 and is governed by a Board of Directors who serve without compensation. The Corporation operates a community rehabilitation program to provide vocational services, training, and employment to persons with disabilities with the goal of making them self-supporting. The Corporation serves individuals primarily in a nine county area in eastern Idaho through facilities located in Idaho Falls, Rexburg, and Salmon.

The revenues of the Corporation are derived primarily from the following sources:

1. Contracts with various governmental agencies for services provided in training and employment of persons with a wide range and severity of disabilities.
2. Sale of products and services to federal and state governmental agencies.
3. Sale of products and services in the private sector.
4. Contributions by civic organizations, foundations, corporations, trusts and individuals.

Donated services are not recorded in the books unless the services are to be capitalized, in which case the services are recorded at their fair market value.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**DWI**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**1. Summary of Significant Accounting Policies (continued)**

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose of in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**Property and Equipment**

The Corporation capitalizes property and equipment over \$5,000. Property and equipment purchased are recorded in the books at cost. Equipment that is leased under capital leases is recorded at the present value of the lease payments to be made over the term of the lease. All depreciable assets are being depreciated using the straight-line method, over their estimated useful lives that range from three to forty years.

**Inventories**

Inventories are valued at the lower of cost (first in, first out) or net realizable value.

**Accounts Receivable**

Accounts receivable are reported at the outstanding balances due from customers for products and services provided. Receivables are billed monthly. An allowance for uncollectible accounts has been established as an estimate of those balances which may not be collected. The allowance is based on experience and other circumstances which may affect the ability of clients and customers to make their payments. Receivables are considered impaired if payments are not received in accordance with the contractual terms. It is the Corporation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of June 30, 2024 and 2023 there was \$29,085 and \$3,890 of accounts receivable in excess of 90 days, respectively.

**1. Summary of Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Accounting For Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are recorded as increases in net assets without donor restrictions unless use of the contributed asset is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**Tax Exempt Status**

The Corporation has received a determination from the Internal Revenue Service that it qualifies as a nonprofit organization under section 501(c)(3) of the Internal Revenue Code. The Corporation also has received a determination from the State of Idaho that it qualifies as a corporation exempt from income taxes, including the minimum tax provisions, under section 63-3025C of the Idaho Code. Accordingly, there is no accounting for income taxes in the accompanying financial statements.

The 2021 through 2024 tax years remain open to examination by the Internal Revenue Service and the Idaho State Tax Commission. These taxing authorities have the authority to examine those years until the applicable statute of limitations expire.

**Statement of Functional Expenses**

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Estimates**

The preparation of financial statements in accordance 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.

**DWI**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**1. Summary of Significant Accounting Policies (continued)**

**Advertising**

Advertising expense for the years ended June 30, 2024 and 2023 were \$11,346 and \$16,293, respectively.

**Subsequent Events**

The Corporation has evaluated subsequent events and transactions through November 19, 2024 the date the financial statements were available to be issued.

**2. Cash and Cash Equivalents**

The Corporation maintains several checking and savings accounts in local financial institutions. At times the total cash and cash equivalents held by these financial institutions exceed NCUA insurance coverage. At June 30, 2024 and 2023, the Corporation had \$49,494 and \$134,583 uninsured and uncollateralized, respectively.

**3. Restricted Cash –**

**USDA Note Reserve Account**

Cash has been restricted under a debt service agreement with the USDA to reflect the required establishment of a reserve account to be used for future note payments or for repairs or improvements to the financed facility upon prior written approval.

**Security Deposit**

Cash has been restricted under a lease agreement with Grand Teton Energy Systems, LLC (the lessee). The lessee was required to deposit security funds that may be returned at the termination of the lease.

**4. Related Party Transactions**

The DWI provides administrative services to the Development Workshop Foundation, a related entity, on a reimbursement basis. Charges for services and reimbursed expenses amounted to \$49,620 and \$169,666 for the years ended June 30, 2024 and 2023, respectively.

**DWI**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**4. Related Party Transactions (continued)**

As of June 30, 2024 and 2023, the Corporation had related party receivables outstanding from the Foundation of \$10,048 and \$24,088, respectively.

As of June 30, 2024 and 2023, the Corporation had related party payables outstanding to the Foundation of \$5,044 and \$5,344, respectively.

The Corporation receives donations from the Foundation for grants, client scholarships, fixed asset purchases, and other expenses. For the years ended June 30, 2024 and 2023, the Corporation received \$66,369 and \$214,970, respectively, of contributions from the Foundation.

The Corporation leases vehicles from the Foundation under financing leases. For the year ended June 30, 2024 and 2023, the Corporation paid \$54,206 and \$51,828, respectively, to the Foundation to lease vehicles.

**5. Inventories**

Major classes of inventories at June 30, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Raw Materials	\$ 220,729	\$ 267,638
Finished Goods	<u>117,850</u>	<u>115,906</u>
	<u>\$ 338,579</u>	<u>\$ 383,544</u>

**6. Membership in Transitional Living Center**

During the fiscal year ended June 30, 1990, DWI purchased land for a client residential housing facility on behalf of Transitional Living Center, Inc. After the necessary financing for construction of the housing facility was in place, DWI transferred title of the land to Transitional Living Center, Inc. on August 31, 1992. Construction on the housing facility began in October 1992 and was completed in August 1994. Clients have been living in the facility since November 1993.

**DWI**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**6. Membership in Transitional Living Center (continued)**

In 1994, DWI was reimbursed by HUD for a portion of the cost of the land for the Transitional Living Center. The remaining cost for the land, or \$25,655, represents the Corporation's membership in Transitional Living Center, Inc., a non-profit organization.

**7. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of June 30:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 1,090,096	\$ 1,457,366
Accounts receivable, net	494,448	334,823
Related party receivable	<u>5,004</u>	<u>18,744</u>
 Total financial assets available for general expenditures within one year	 <u>\$ 1,589,548</u>	 <u>\$ 1,810,933</u>

**8. Employee Retirement Plan**

The Corporation has a tax sheltered deferred annuity plan, as described in Section 403(b) of the Internal Revenue Code, covering all staff employees who have met the service requirements. The contribution by the Corporation for staff employees is at a rate of zero to 2.0% of the employee's compensation depending upon the employee's length of service. Corporation contributions for Service Contract Act employees are determined by the federal contract they worked on and the contractual rate specified. Voluntary contributions to the plan are permitted to a maximum allowed by IRS regulations. Contributions to the retirement plan amounted to \$48,215 and \$41,808 for the years ended June 30, 2024 and 2023, respectively.

**DWI**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**9. Leasing Activities**

In prior years, the Corporation entered into agreements with Development Workshop Foundation to lease vehicles under financing leases. The financing leases have remaining lease terms of 1 year to 4 years.

The following summarizes the line items in the balance sheets which include amounts for operating and finance leases as of June 30:

	<u>2024</u>	<u>2023</u>
<b>Finance Leases</b>		
Property and equipment	\$ 268,626	\$ 268,626
Accumulated depreciation	<u>(185,837)</u>	<u>(134,689)</u>
Property and equipment, net	<u>\$ 82,789</u>	<u>\$ 133,937</u>
Current portion of finance lease liability	\$ 44,404	\$ 53,566
Finance lease liability	<u>45,014</u>	<u>90,058</u>
Total finance lease liabilities	<u>\$ 89,418</u>	<u>\$ 143,624</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	<u>2024</u>	<u>2023</u>
<b>Weighted Average Remaining Lease Term</b>		
Finance leases	2.2 years	2.9 years
<b>Weighted Average Discount Rate</b>		
Finance leases	4.0%	4.1%

**DWI**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**9. Leasing Activities (continued)**

The maturities of lease liabilities as of June 30, 2024 were as follows:

2025	.....	\$	44,404
2026	.....		34,795
2027	.....		13,892
2028	.....		<u>456</u>
Total minimum lease payments			93,547
Less amount representing interest			<u>(4,129)</u>
Present value of lease liabilities		\$	<u>89,418</u>

The following summarizes the line items in the income statements which include the components of lease expense for the year ended June 30:

	<u>2024</u>	<u>2023</u>
<b>Finance Lease Cost</b>		
Amortization of lease assets included in depreciation	\$ 51,148	\$ 53,315
Interest on lease liabilities included in interest expense	<u>4,129</u>	<u>6,928</u>
Total finance lease costs	<u>\$ 55,277</u>	<u>\$ 60,243</u>



**DWI**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**9. Leasing Activities (continued)**

The following summarizes cash flow information related to leases for the year ended June 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 4,129	\$ 6,928
Financing cash flows from finance leases	54,206	51,828
Lease assets obtained in exchange for lease obligations:		
Finance leases	\$ -	\$ 24,605

The Corporation leases space under operating leases. As of June 30, 2024, the Corporation has space being leased under three leases. As of June 30, 2023, the Corporation had space being leased under two leases. The space leased is recognized as property and equipment on the balance sheet.

For the years ended June 30, 2024 and 2023, operating lease income was \$69,526 and \$46,901, respectively.

As of June 30, 2024, the Corporation has the following operating leases in place:

1. Eastern Idaho Community Action Partnership, Inc. 12-month lease expiring on September 30, 2024 with option to extend. The monthly lease payment is \$536..
2. Grand Teton Energy Systems, LLC. 24-month lease, expiring on January 31, 2026 with option to extend. The monthly lease payment is \$12,350.
3. Ruben’s Auto Repair, LLC. 12-month lease, expiring on February 28, 2025 with option to extend. The monthly lease payment is \$450.

**DWI**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**10. Long-term Debt**

Long-term debt as of June 30, is as follows:

	<u>2024</u>	<u>2023</u>
4.25% note payable to USDA, due in monthly installments of \$3,690, including interest. Original principal amount of \$750,000.	\$ 402,531	\$ 429,088
3.75% note payable to USDA, due in monthly installments of \$1,894, including interest. Original principal amount of \$408,000, secured by deed of trust. Final installment due December 2040.	<u>277,713</u>	<u>289,780</u>
	680,244	718,868
Less current portion of long-term debt	<u>(40,236)</u>	<u>(38,624)</u>
	<u>\$ 640,008</u>	<u>\$ 680,244</u>

Future installments of long-term debt as of June 30, 2024 are as follows:

2025	\$ 40,236
2026	41,914
2027	43,665
2028	45,486
2029	47,385
Thereafter	<u>461,558</u>
	<u>\$ 680,244</u>

**DWI**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**11. Statement of Cash Flows Additional Information**

Interest paid by the Corporation for the years ended June 30, 2024 and 2023 amounted to \$36,007 and \$43,898, respectively.

Since the Corporation is a non-profit organization, there are no payments for income taxes.