

**THE TRAVELING SCHOOL**  
**AUDITED FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**



**AMATICS**  
**CPA GROUP**

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**THE TRAVELING SCHOOL**

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## INDEPENDENT AUDITORS' REPORT

**To the Board of Directors  
The Traveling School  
Bozeman, MT**

### **Opinion**

We have audited the accompanying financial statements of The Traveling School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 The Traveling School as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Traveling School 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 these 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 Traveling School's ability to continue as a going concern within one year after the date that 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 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.



## **Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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 The Traveling School'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 Traveling School'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.



Bozeman, Montana  
October 25, 2023

**THE TRAVELING SCHOOL  
STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 171,961	\$ 838,262
Accounts receivable	5,590	5,669
Investments	350,000	-
Prepaid expenses	10,369	18,780
Total current assets	537,920	862,711
<b>FIXED ASSETS</b>		
Computers and software	4,061	4,061
Field equipment	1,330	1,330
Office equipment	3,901	3,901
Website	6,000	6,000
Less: accumulated depreciation	(13,193)	(11,993)
Total fixed assets	2,099	3,299
Total assets	\$ 540,019	\$ 866,010

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,924	\$ 1,654
Payroll liabilities	20,190	12,372
Accrued leave payable	18,798	15,784
Credit cards payable	1,332	7,879
Deferred tuition revenue	72,800	67,242
Current portion note payable	3,725	3,633
Total current liabilities	120,769	108,564
<b>LONG-TERM DEBT</b>		
Note payable, net of current portion	139,844	143,426
<b>NET ASSETS</b>		
Without donor restrictions	279,406	583,669
With donor restrictions	-	30,351
Total net assets	279,406	614,020
Total liabilities and net assets	\$ 540,019	\$ 866,010

See notes to financial statements.

**THE TRAVELING SCHOOL  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Totals</u></b>
<b>REVENUE AND SUPPORT</b>			
Tuition fees	\$ 334,501	\$ -	\$ 334,501
Donations	115,933	24,249	140,182
In-kind donations	3,001	-	3,001
Satisfaction of program restrictions	<u>54,600</u>	<u>(54,600)</u>	<u>-</u>
Total revenue and support	<u>508,035</u>	<u>(30,351)</u>	<u>477,684</u>
<b>EXPENSES</b>			
Program	547,216	-	547,216
Administration	155,513	-	155,513
Fundraising	<u>114,676</u>	<u>-</u>	<u>114,676</u>
Total expenses	<u>817,405</u>	<u>-</u>	<u>817,405</u>
<b>OTHER INCOME AND EXPENSE</b>			
Other income	25	-	25
Investment income	<u>5,082</u>	<u>-</u>	<u>5,082</u>
Total other income and expense	<u>5,107</u>	<u>-</u>	<u>5,107</u>
<b>CHANGE IN NET ASSETS</b>	(304,263)	(30,351)	(334,614)
Net assets at beginning of year	<u>583,669</u>	<u>30,351</u>	<u>614,020</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 279,406</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 279,406</u></u>

See notes to financial statements.

**THE TRAVELING SCHOOL  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>REVENUE AND SUPPORT</b>			
Tuition fees	\$ 652,175	\$ -	\$ 652,175
Donations	151,437	-	151,437
Grants	134,853	-	134,853
In-kind donations	9,812	-	9,812
Satisfaction of program restrictions	<u>120,500</u>	<u>(120,500)</u>	<u>-</u>
Total revenue and support	<u>1,068,777</u>	<u>(120,500)</u>	<u>948,277</u>
<b>EXPENSES</b>			
Program	739,308	-	739,308
Administration	117,124	-	117,124
Fundraising	<u>112,857</u>	<u>-</u>	<u>112,857</u>
Total expenses	<u>969,289</u>	<u>-</u>	<u>969,289</u>
<b>OTHER INCOME AND EXPENSE</b>			
Other income	1,112	-	1,112
Investment income	<u>84</u>	<u>-</u>	<u>84</u>
Total other income and expense	<u>1,196</u>	<u>-</u>	<u>1,196</u>
<b>CHANGE IN NET ASSETS</b>	100,684	(120,500)	(19,816)
Net assets at beginning of year	<u>482,985</u>	<u>150,851</u>	<u>633,836</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 583,669</u>	<u>\$ 30,351</u>	<u>\$ 614,020</u>

See notes to financial statements.

**THE TRAVELING SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2023**

	<u>Program</u>	<u>Support</u>		<u>Total</u>
	<u>Education</u>	<u>Administration</u>	<u>Fundraising</u>	
Accreditation	\$ 1,630	\$ -	\$ -	\$ 1,630
Advertising	9,781	3,524	2,684	15,989
Bank service charges	2,486	1,096	2,828	6,410
Depreciation	1,200	-	-	1,200
Dues and subscriptions	2,281	3,096	3,586	8,963
Event expenses	1,041	3,978	265	5,284
Food and lodging	57,878	101	148	58,127
Insurance	11,530	4,202	222	15,954
Office rent	2,927	1,401	1,110	5,438
Park/activity fee	41,585	-	-	41,585
Payroll and related expenses	285,220	116,619	88,475	490,314
Postage and delivery	1,874	363	858	3,095
Printing	695	275	4,473	5,443
Professional development	721	1,230	493	2,444
Professional fees	13,857	16,397	7,859	38,113
Recruiting	2,841	-	-	2,841
Scholarship	73,850	-	-	73,850
Supplies	5,338	1,120	692	7,150
Telephone/internet	3,374	1,654	735	5,763
Travel	27,107	457	248	27,812
Total expenses	<u>\$ 547,216</u>	<u>\$ 155,513</u>	<u>\$ 114,676</u>	<u>\$ 817,405</u>

See notes to financial statements.



**THE TRAVELING SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2022**

	<u>Program</u>	<u>Support</u>		<u>Total</u>
	<u>Education</u>	<u>Administration</u>	<u>Fundraising</u>	
Accreditation	\$ 1,100	\$ -	\$ -	\$ 1,100
Advertising	8,019	2,268	1,758	12,045
Bank service charges	199	3,617	2,131	5,947
Depreciation	1,981	-	-	1,981
Dues and subscriptions	2,824	2,260	3,450	8,534
Event expenses	665	1,922	432	3,019
Food and lodging	151,765	262	452	152,479
Insurance	14,878	3,932	162	18,972
Office rent	562	248	270	1,080
Park/activity fee	77,455	-	-	77,455
Payroll and related expenses	278,536	85,824	90,598	454,958
Postage and delivery	1,860	197	1,054	3,111
Printing	2,477	259	4,682	7,418
Professional development	825	835	655	2,315
Professional fees	2,568	12,339	3,953	18,860
Recruiting	228	-	-	228
Scholarship	117,000	-	-	117,000
Supplies	23,618	1,392	2,080	27,090
Telephone/internet	3,978	940	1,082	6,000
Travel	48,770	829	98	49,697
	<u>48,770</u>	<u>829</u>	<u>98</u>	<u>49,697</u>
Total expenses	<u>\$ 739,308</u>	<u>\$ 117,124</u>	<u>\$ 112,857</u>	<u>\$ 969,289</u>

See notes to financial statements.

**THE TRAVELING SCHOOL  
STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from tuition and related fees	\$ 340,138	\$ 606,981
Receipts from donors and grantors	140,182	250,760
Other cash receipts	5,107	1,196
Payments for salaries and related costs	(479,482)	(447,430)
Payments to vendors	<u>(318,756)</u>	<u>(497,423)</u>
Net cash used by operating activities	(312,811)	(85,916)
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchases of certificates of deposit	(350,000)	-
<b>CASH FLOWS USED BY FINANCING ACTIVITIES</b>		
Payments on notes payable	<u>(3,490)</u>	<u>(2,841)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(666,301)	(88,757)
Cash and cash equivalents at beginning of year	<u>838,262</u>	<u>927,019</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 171,961</u>	<u>\$ 838,262</u>
<b>NON-CASH TRANSACTIONS</b>		
Paycheck Protection Program loan forgiveness	<u>\$ -</u>	<u>\$ 78,029</u>

See notes to financial statements.

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Traveling School was founded on November 1, 2001. The Organization's purpose is to provide formal instruction for teenage girls aged fifteen through eighteen through in-depth, placed based exploration of a US-based or international region for an academic semester. The programs include formal academics, community engagement, outdoor activities and leadership development to foster strong, compassionate leaders. The Organization's support comes primarily from tuition fees. Some support is received from donations. The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Economic uncertainties continue to negatively impact revenues, net income, and cash flows in fiscal year 2023. This past year, the Organization ran US-based programs, but with the lower enrollment compared to international programs prior to the COVID-19 pandemic. Thus, tuition revenues decreased and program expenses for our domestic semester have continued to increase. The Organization cancelled the spring 2023 semester due to low enrollment and to relaunch international programs in fiscal year 2024. As well, during the economic downturn, fundraising revenue was not on par with projected growth.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Account balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. As of June 30, 2023 and 2022, bank deposits did not exceed federally insured limits. The Organization has not experienced any losses in such accounts.

**Income Taxes**

The Organization is a not for profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization's information returns (Form 990) are open to examination by the IRS, generally for three years after they were filed or the due date of the return, whichever is later.

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

The Organization capitalizes expenditures for property and equipment in excess of \$2,500. Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair value at date of gift. 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. Property and equipment donated with time restriction are reclassified as unrestricted once all time restrictions are met. Absent donor stipulations regarding how long those donated assets are to be placed in service, the Organization records these assets as unrestricted support. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 7 years. Depreciation expense for the years ended June 30, 2023 and 2022 was \$1,200 and \$1,981, respectively.

**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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

**Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and related expenses, occupancy, printing, and supplies, which are allocated on the basis of estimates of time and effort (calculated through full-time equivalent employees).

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions and Grants**

Contributions and grants are recognized as revenues in the period cash or assets are transferred or pledges are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at date of receipt.

Grants receivable and unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions with donor restrictions that are received and expended in the same period are reported as net assets without donor restrictions.

**Tuition Revenues**

Tuition revenues are recognized during the semester in which the services are provided. Payment is due prior to the semester of study or can be paid throughout the semester under a payment plan. Amounts received in advance are deferred and recognized during the applicable semester. The Organization uses the direct write-off method for uncollectible receivables. Accounts receivable are reviewed periodically, and those accounts which are considered doubtful are charged off to current year's operating expense. Therefore, management's best estimate for an allowance for doubtful accounts is zero.

**Advertising**

The Traveling School expenses advertising costs when they are incurred.

**Donated Services, Materials, and Facilities**

The financial statements of the Organization reflect in-kind donations as revenues in the period received and as assets, expenses, or decreases of liabilities depending on the type of benefit received. Donations are measured at estimated fair market values. Donations received with donor restrictions for future periods are reported as an increase in net assets with donor restrictions.

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Adoption of New Accounting Standards**

Effective July 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a right-of-use asset and lease liability and the payments will be recognized into revenue or expense on a straight-line basis over the lease term. The adoption of ASC 842 did not have a material impact on the Organization's financial statements.

**2. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Financial assets		
Cash and cash equivalents	\$ 171,961	\$ 838,262
Investments	350,000	-
Accounts receivable	5,590	5,669
Financial assets, at year end	527,551	843,931
Unavailable for general expenditure in one year		
Purpose restriction by donors	-	(30,351)
Total financial resources available for general expenditure	\$ 527,551	\$ 813,580

The Organization is substantially supported by tuition revenue. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, money market funds, and certificates of deposit, striving to maintain three to six months' operating costs in reserves. In fiscal year 2023, this reserve allowed the Organization to cancel the spring semester. The Organization typically collects tuition revenue twice a year prior to each semester unless families elect to go on a payment plan. This year, full-tuition payments were collected July 1, 2023, and payment plan installments were paid throughout the fiscal year. The Organization invests excess cash in accordance with its investment policy to manage investment risk and optimize investment returns within acceptable parameters.

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**3. INVESTMENTS**

The Organization's investments are reported at fair value, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Certificates of deposit values are based on the cost of the investment plus accumulated earnings, which approximates fair value. Certificates of deposit are reported at Level 2 within the fair value hierarchy.

The investment balance was \$350,000 as of June 30, 2023, and was comprised of certificates of deposit. All funds were included in cash and cash equivalents at June 30, 2022.

**4. RETIREMENT PLAN**

The Organization adopted a Savings Incentive Match Plan for Employees (SIMPLE). All hourly and salaried permanent employees who work at least 30 hours per week and are reasonably expected to earn \$5,000 or more annually are eligible to enroll in the employer-sponsored SIMPLE IRA retirement plan. According to the plan, the Organization will match each participant's elective salary deferrals, dollar for dollar, up to 3% of each participant's compensation. Participants may direct their investments among the funds offered by the plan. During the years ended June 30, 2023 and 2022, the Organization made matching contribution to the SIMPLE plan of \$8,611 and \$8,711, respectively.

**5. IN-KIND DONATIONS**

The fair value of donated goods and services included as contributions in the financial statements for the year ended June 30, 2023, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ -	\$ -	\$ 520	\$ 520
Professional fees	170	2,311	-	2,481
	<u>\$ 170</u>	<u>\$ 2,311</u>	<u>\$ 520</u>	<u>\$ 3,001</u>

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**5. IN-KIND DONATIONS (Continued)**

The fair value of donated goods and services included as contributions in the financial statements for the year ended June 30, 2022, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Food and lodging	\$ 90	\$ -	250	\$ 340
Professional fees	100	1,000	-	1,100
Supplies	<u>8,047</u>	<u>250</u>	<u>75</u>	<u>8,372</u>
	<u>\$ 8,237</u>	<u>\$ 1,250</u>	<u>\$ 325</u>	<u>\$ 9,812</u>

Advertising

Contributed advertising is valued at estimated fair value based on the current rates of similar services.

Food and Lodging

Contributed food and lodging is valued at estimated fair value based on the retail prices to purchase the items gifted to the Organization.

Professional Fees

Contributed professional fees are valued at estimated fair value based on current rates provided by the professionals gifting their services to the Organization.

Supplies

Contributed supplies are valued at estimated fair value based on the retail cost to purchase similar products.

**6. PAYCHECK PROTECTION PROGRAM LOAN**

On April 15, 2020, the Organization was granted a loan from First Security Bank (a division of Glacier Bank) in the aggregate amount of \$84,500, pursuant to the Paycheck Protection Program (PPP) under the CARES Act. The Organization originally recorded the loan as a refundable advance in the year ended June 30, 2020. The loan was forgiven in fiscal year 2021, at which point the Organization recorded grant revenue in accordance with the guidance for conditional contributions where there is no longer a measurable performance or other barrier and a right to return the loan.

On January 22, 2021, the Organization was granted a loan from the Montana Community Development Corporation (dba MoFi) in the aggregate amount of \$78,029, pursuant to the round 2 of the Paycheck Protection Program (PPP) under the CARES Act. The loan matures on January 22, 2026 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 15, 2021. Funds from the loan may only be used for payroll costs, group health benefits, rent, and utilities. The Organization used the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The loan is recorded as a refundable advance at June 30, 2021, and the full amount of this loan was forgiven in October 2021 and reported as grant revenue in fiscal year 2022.



**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**7. EMPLOYEE RETENTION CREDIT**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided an employee retention credit as a refundable tax credit against certain employment taxes. The credit was equal to 50% of qualified wages paid to employees, up to \$5,000 per employee, capped at \$10,000 of qualified wages through December 31, 2020. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded and extended the credit through December 31, 2021. Under this expansion, the credit was equal to 70% of qualified wages, capped at \$10,000 per quarter, through 2021. In fiscal year 2021, the Organization qualified for the credit for the quarters ended March 31, 2021 and June 30, 2021; in fiscal year 2022, the Organization qualified for the credit for the quarter ended September 30, 2021. For the year ended June 30, 2022, the Organization recorded grant revenue associated with this credit of \$45,329.

**8. NOTE PAYABLE**

On July 24, 2020, the Organization was granted an Economic Injury Disaster Loan (EIDL) from the U.S. Small Business Association (SBA) in the amount of \$150,000. The loan matures on July 24, 2050 and bears interest at a rate of 2.75% per annum; payable in monthly payments of \$641, including principal and interest, commencing on July 24, 2021. The balance of the note payable was \$143,569 and \$147,059 as of June 30, 2023 and 2022, respectively.

Annual maturities for the years following June 30, 2023, are as follows:

2024	\$	3,725
2025		3,841
2026		3,950
2027		4,061
2028		4,167
Thereafter		123,825
		\$ 143,569

**9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions is comprised of the following as of June 30:

	2023	2022
Subject to expenditure for specific purpose:		
Scholarships	\$ -	\$ 30,351

**10. OFFICE LEASE**

Having operated remotely since January 2021, on June 1, 2023, the Organization sublet a furnished office space from a local nonprofit organization. The lease expires on January 31, 2024, whereupon the Organization may have the opportunity to renew the sublet. Rent paid for the year ended June 30, 2023 was \$1,000. The Organization continues to lease a storage unit for its office furniture and supplies for \$540 every 6 months.

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
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**11. SUBSEQUENT EVENTS**

Economic Uncertainties

In fiscal year 2024, the Organization will relaunch its international semester programs after two successive years of low domestic program enrollment. Lingering unstable economic conditions and uncertainties will likely continue to impact the Organization's recovery over the next year.

Date of Management Evaluation

Management has evaluated subsequent events through October 25, 2023, the date on which the financial statements were available to be issued.