



Idaho Youth Ranch, Inc.

Financial Statements Year Ended June 30, 2021

Idaho Youth Ranch, Inc.

Table Of Contents

Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	9



Independent Auditor's Report

Board of Directors
Idaho Youth Ranch, Inc.
Boise, Idaho

Opinion

We have audited the financial statements of the Idaho Youth Ranch, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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

As discussed in Note 3 to the financial statements, the beginning net assets have been restated to reflect management's change in accounting for donated inventory. 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Organization'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 Organization'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.

BDO USA, LLP

November 15, 2021

Idaho Youth Ranch, Inc.
Statement of Financial Position

<i>June 30,</i>	2021
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 9,060,376
Investments	18,556,393
Accounts Receivable	359,647
Grant Receivable	24,585
Current Portion of Pledges Receivable	2,829,126
Donated Assets Held for Investment	14,700
Prepaid Expenses and Deposits	194,729
Inventory	1,566,968
Trust Receivables	411,246
Total Current Assets	33,017,770
Noncurrent Assets	
Idaho Youth Land Reserve	7,295,000
Investments, Less Current Above	6,771,060
Pledges Receivable, Less Current Portion	3,739,080
Land, Buildings, and Equipment, Less Accumulated Depreciation of \$9,706,880	20,462,650
Total Noncurrent Assets	38,267,790
Total Assets	\$ 71,285,560

Continued.

Idaho Youth Ranch, Inc.
Statement of Financial Position (Continued)

<i>June 30,</i>	2021
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 452,180
Accrued Personnel Costs and Other Expenses	1,627,847
Deferred Revenue	571,084
Current Maturities of Capital Leases	163,854
Current Maturities of Long-Term Debt	427,090
Total Current Liabilities	3,242,055
Noncurrent Liabilities	
Capital Leases, Less Current Maturities	435,742
Long-Term Debt, Less Current Maturities	4,662,052
Interest in Life Estate	3,237,083
Total Noncurrent Liabilities	8,334,877
Total Liabilities	11,576,932
Commitments and Contingencies	
Net Assets	
Without Donor Restrictions	29,161,635
With Donor Restrictions:	
Restricted for Specified Purpose	23,775,933
Restricted by Donors to be Held in Perpetuity	6,771,060
Total With Donor Restrictions	30,546,993
Total Net Assets	59,708,628
Total Liabilities and Net Assets	\$ 71,285,560

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

Idaho Youth Ranch, Inc.

Statement of Activities Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 8,438,462	\$ 18,666,422	\$ 27,104,884
Grants	100,000	3,852,167	3,952,167
Fundraising	167,159	80,442	247,601
Program Fees and Services	673,382	-	673,382
Social Enterprise	21,681,698	10,000	21,691,698
Rent	75,845	-	75,845
Interest and Dividends	263,032	78,385	341,417
Gain on Sale of Investments	150,490	38,502	188,992
Unrealized Gain on Investments	2,198,930	845,231	3,044,161
Gain (Loss) on Sale of Assets	(2,684)	7,993	5,309
Miscellaneous Income	173,648	6,641	180,289
Net Assets Released from Restrictions	2,626,246	(2,626,246)	-
Total Support and Revenue	36,546,208	20,959,537	57,505,745
Expenses			
Program Services:			
Residential	2,758,838	-	2,758,838
Community Services	1,370,113	-	1,370,113
Workforce Development	170,244	-	170,244
Social Enterprises	23,087,709	-	23,087,709
Total Program Expenses	27,386,904	-	27,386,904
Supporting Services			
General and Administration	2,061,617	-	2,061,617
Fundraising	1,808,545	-	1,808,545
Total Supporting Services	3,870,162	-	3,870,162
Total Expenses	31,257,066	-	31,257,066
Net Increase in Net Assets	5,289,142	20,959,537	26,248,679
Net Assets - Beginning of Year, as presented	22,580,228	9,587,456	32,167,684
Restatement for Inventory (Note 3)	1,292,265	-	1,292,265
Net Assets End of Year	\$ 29,161,635	\$ 30,546,993	\$ 59,708,628

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

Idaho Youth Ranch, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services				Supporting Services		Total
	Residential	Community Services	Workforce Development	Social Enterprise	General and Administration	Fundraising	
Salaries and Wages	\$ 1,375,415	\$ 836,827	\$ 104,162	\$ 7,540,556	\$ 1,288,622	\$ 880,816	\$ 12,026,398
Temporary Labor	-	-	-	446,261	13,783	-	460,044
Payroll Taxes and Insurance	156,430	84,213	10,862	711,702	115,938	68,310	1,147,455
Employee Benefits	135,347	86,272	15,024	1,160,684	105,272	68,682	1,571,281
Employee Job Related	59,379	22,173	3,077	51,664	25,269	11,086	172,648
Employee Recruitment	227	4,375	1	11,385	1,767	2,462	20,217
Business Travel and Meals	8,777	3,201	137	40,172	8,871	7,929	69,087
Client Health	3,760	-	-	-	-	-	3,760
Animal Therapy	28,911	-	-	-	-	-	28,911
Other Client Therapy	1,080	783	450	-	-	-	2,313
Client Necessities	45,536	16,890	1,895	-	-	-	64,321
Scholarships	3,728	1,944	238	-	-	-	5,910
Trainee Stipends	-	-	16,010	-	-	-	16,010
Occupancy	13,779	321	8	1,121,125	207	165	1,135,605
Utilities	95,251	27,526	1,611	750,219	29,212	4,719	908,538
Repairs and Maintenance	60,456	41,491	3,771	659,129	12,576	6,848	784,271
Equipment Rent	4,096	2,261	-	559,617	1,115	4,776	571,865
Depreciation and Amortization	437,401	19,689	1,616	718,108	36,926	40,502	1,254,242
Professional Services	115,161	47,443	5,747	126,858	178,740	94,581	568,530
Advertising and Promotions	48,966	108,748	632	34,432	7,316	112,357	312,451
Fundraising	-	-	-	-	-	283,971	283,971
Transportation Expense	18,241	1,730	1	219,958	8,769	103	248,802
General Supplies	79,767	26,887	3,107	752,631	94,402	99,521	1,056,315
Insurance	47,945	19,045	1,475	190,909	32,270	2,328	293,972
Credit Card and Bank Fees	2,387	1,521	106	336,156	36,797	29,580	406,547
Interest	946	140	17	142,493	59,767	4,239	207,602
Miscellaneous	15,842	16,633	297	20,637	3,958	85,570	142,937
Cost of Goods Sold - Purchased	-	-	-	913,709	-	-	913,709
Cost of Goods Sold - Donated Merchandise	-	-	-	5,858,551	-	-	5,858,551
Cost of Goods Sold - Other	10	-	-	720,753	40	-	720,803
Total	\$ 2,758,838	\$ 1,370,113	\$ 170,244	\$ 23,087,709	\$ 2,061,617	\$ 1,808,545	\$ 31,257,066

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

Idaho Youth Ranch, Inc.

Statement of Cash Flows Year Ended June 30, 2021

Cash Flows from Operating Activities	
Net Increase in Net Assets	\$ 26,248,679
Adjustments to Reconcile Net Increase in Net Assets to Net Cash Flows from Operating Activities:	
Depreciation and Amortization	1,254,242
Gain on Sale of Investments	(188,992)
(Gain) Loss on Sale of Assets	(5,309)
Unrealized Gain on Investments	(3,044,161)
Change in Liability for Interest in Life Estate	(81,631)
Noncash Contribution of Investments	(3,473,048)
Noncash Contribution of Property and Equipment	(27,964)
Contributions Restricted for Long- Term Purposes	(20,587,776)
(Increase) Decrease in Assets:	
Accounts Receivable	(114,710)
Grants Receivable	30,816
Pledges Receivable	(5,157,970)
Prepaid Expenses	54,257
Inventory	(58,118)
Trust Receivables, Net	(71,607)
Increase (Decrease) in Liabilities:	
Accounts Payable	58,340
Accrued Personnel Costs and Other Expenses	(208,565)
Deferred Revenue	(77,825)
Net Cash Flows from Operating Activities	(5,451,342)
Cash Flows from Investing Activities	
Purchase of Property and Equipment	(1,649,314)
Proceeds from Sale of Property and Equipment	11,040
Purchase of Investments	(9,717,396)
Proceeds from Sale of Investments	3,571,672
Net Cash Flows from Investing Activities	(7,783,998)
Cash Flows from Financing Activities	
Net (Decrease) Increase of Line of Credit	-
Principal Payments of Capital Leases	-
Principal Payments on Long-Term Debt	(436,555)
Proceeds from Contributions Restricted for Long-Term Purposes	20,587,776
Net Cash Flows from Financing Activities	20,151,221
Net Change In Cash and Cash Equivalents	6,915,881
Cash and Cash Equivalents - Beginning of Year	2,144,495
Cash and Cash Equivalents - End of Year	\$ 9,060,376

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

Idaho Youth Ranch, Inc.
Statement of Cash Flows (Continued)
Year Ended June 30, 2021

Supplemental Disclosures of Cash Flows Information

Cash Paid for Interest	\$ 217,269
Noncash Contributions of Property and Equipment	\$ 27,964
Noncash Contributions of Inventory and Other Items	\$ 24,023,538

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

1. Organization

Nature of Operations

Idaho Youth Ranch, Inc. (IYR or the Organization) is a private, nonprofit organization incorporated in the state of Idaho on April 7, 1953. The Organization, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), maintains its headquarters in Boise, Idaho, and has operating facilities at several locations primarily within the state.

Programs and Services

The Organization operates the following facilities/activities, all fully licensed by the state of Idaho.

Residential

IYR operates a residential facility that houses youth between the ages of 8 and 18 who are vulnerable due to abuse, neglect, family conflict, and/or abandonment; or youth who are struggling with dangerous behavior, or conflicts at school or home. Services are tailored to meet each child's unique situation and may include animal assisted therapy, behavioral therapy, functional family therapy, service learning, educational recovery, and life skill development. Reintegration services and ongoing access to therapy are a key part of finishing the job as youth are brought back into their homes.

Community Services

IYR provides youth and family therapy in both North Idaho and in Southwest Idaho and telehealth mental health services statewide. IYR's therapy is targeted to vulnerable youth and uses the most comprehensive and effective therapy to put them back on a path to a promising future. Blending proven evidence-based therapies; Trauma Focused - Cognitive Behavioral Therapy, Dialectical Behavior Therapy, Eye Movement Desensitization and Reprocessing Therapy, and adding Equine Assisted Therapy, Idaho Youth Ranch provides a treatment model unlike others, proven to heal youth who struggle with acute, chronic, and complex trauma.

IYR's adoption services program in Northern Idaho offers a full range of services including placement of infants, special-needs adoption, home studies and post-placement supervision, international and interstate adoption, and non-agency adoption. Since 1983, IYR has practiced an "open adoption" philosophy, helping facilitate collaboration and cooperation between birth parents and adoptive parents over the child's lifetime, to the greatest extent possible.

Workforce Development

Launched in March 2013, Youthworks! Is a comprehensive job training and job placement program created to help disadvantaged youth ages 16-22 develop the skills they need to find and keep meaningful employment. This program includes classroom instruction, job placement, one-on-one mentoring, and oversight.

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

Social Enterprise

IYR owns and operates 24 thrift stores, online book and collectible divisions, and a vehicle sales lot. These locations sell and/or recycle clothing, vehicles and other non-cash goods donated by the public to fund therapeutic programs for vulnerable Idaho youth and their families. These locations provide jobs, benefits and career paths for over 400 employees. Stores serve as job training sites for IYR's Youthworks! program. Stores include a Ranch Readers program, which provides free books and incentives for reading them to Idaho children. IYR Social Enterprise recycles donated goods that cannot be sold, helping reduce the volume of waste entering public landfills in Idaho's communities.

Administration and Fundraising

The corporate, administrative, and fundraising offices are located in Boise, Idaho.

2. Summary of Significant Accounting Policies

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization follows financial statement presentation requirements issued by the Financial Accounting Standards Board (FASB) for nonprofit entities. Under these provisions, net assets, revenues, gains, and losses are classified based on donor-imposed restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Resources that are free of donor-imposed restrictions. All revenues, expenses, gains, and losses that are not changes in donor restricted net assets are considered without donor restriction. Any limitations on these funds are determined by the board of directors.

Net Assets With Donor Restrictions

The donor restrictions are restrictions that will be met either by the passage of time or by satisfying the purpose of the restriction, or resources which the donor has specified must be maintained in perpetuity. The income related to resources held in perpetuity are considered donor restricted resources that are temporary in nature based on the donor's instructions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For the purpose of the financial statements, the Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents. The Organization does not consider assets or other resources to be cash equivalents that would otherwise qualify if those resources are subject to temporary or permanent restrictions imposed by the donor (such as investments held to provide long-term operating support).

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

The Organization maintains its cash deposits at various financial institutions which at times may exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through writing them off in the period in which they are determined to be uncollectible. Management determines whether accounts will be collected by regularly evaluating individual receivables. Recoveries of receivables previously written-off are recorded when received. Management determined that an allowance for doubtful accounts was not necessary as of June 30, 2021.

Pledges Receivable

Unconditional promises to give are recorded at net realizable value if expected to be collected within one year and at present value of future cash flows if expected to be collected over more than one year. Conditional promises to give are recorded when conditions are met as stipulated by the donor.

Inventory

Inventories of supplies and purchased merchandise are valued at the lower of cost or net realizable value. Donated merchandise inventory is initially valued at estimated fair value. The Organization establishes a reserve for slow moving donated inventory to reflect an estimated net realizable value.

Idaho Youth Land Reserve and Interest in Life Estate

The Idaho Youth Land Reserve represents \$7,295,000 of property donated to the Organization during the year ended June 30, 2014. The donation was in return for a cash payment of \$1,000,000 and the issuance of long-term debt in the amount of \$2,494,266. The property was recorded at fair market value at the time of donation and will be held at carrying value on a subsequent basis. This property is located in Horseshoe Bend, Idaho and is subject to a life interest in real estate, whereby the Organization cannot use the asset until the earlier of its abandonment by the donors, or the death of both donors. During the period of life interest in real estate, the donors are responsible for all costs associated with the property, including real estate taxes.

Associated with the \$7,295,000 Idaho Youth Land Reserve, the Organization recorded an interest in life estate in the amount of \$3,789,534. This interest in life estate will be recorded into income each year based on the underlying changes in the age of the donors and changes in the interest rate environment. During the year ended June 30, 2021, a net decrease of \$81,631 was recorded to the Liability for Interest in Life Estate and resulted in a corresponding decrease in contributions with donor restrictions.

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at original cost. Donated assets are recorded at fair market value at the date of donation. Generally, according to the Organization's capitalization policy, property and equipment over \$5,000, are capitalized; while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. Depreciation is provided on a straight-line basis over the following estimated useful lives:

Land	Not Depreciated
Buildings and Improvements	10 to 50 Years
Furniture, Fixtures, and Equipment	3 to 20 Years
Vehicles	3 to 10 Years

Depreciation and amortization expense for the year ended June 30, 2021 was \$1,254,242.

Fair Value Measurements

FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

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 to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at June 30, 2021.

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

Investment Valuation and Income Recognition

The Organization's investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments in equity securities, including common stocks, preferred stock, options, exchange traded funds, and American depository receipts that are traded on a national securities exchange are stated at the last quoted sales price. Investments in money market and mutual funds are valued at the net asset value of shares held on the valuation date. Investments in the alternative funds are valued using the net asset value of units owned by the Organization, which are based on observable and unobservable market prices for the underlying assets, held by the alternative funds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are 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.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Organization's gains and losses on investments bought and sold as well as held during the year.

Revenue Recognition

To determine revenue recognition for the arrangements that the Organization determines are within the scope of Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606), the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Organization satisfied a performance obligation.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions are segregated for accounting purposes in order to ensure compliance with the donor's wishes. The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor restrictions are placed on the donated assets. Cash donations that are specified for the purchase of land, buildings, and equipment are classified as donor restricted until the designated asset has been acquired.

Noncash contributions which have a readily determinable market value or which are intended for internal use by the Organization (such as equipment and supplies) are recorded as revenue based upon their market value at the date of donation. Noncash contributions, which do not have a readily determinable market value are not recorded as revenue until a reliable estimate of fair value is determined or they are converted to cash.

Contributions of a conditional nature with specified terms are recorded to refundable advances when received and revenue is recognized as the funds are expended as instructed by the donor. In the event conditions are not met the unused contribution would be returned to the donor.

The Organization recognizes revenue from social enterprise (thrift store sales) when the customer obtains control of promised goods in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods. Revenue is recognized when control of the goods has transferred to customers.

For the majority of thrift store sales, control transfers to customers at the point in time when the goods have been shipped, purchased in person or picked up as that is generally when legal title, physical possession, and the risk and rewards of the goods transfers to the customer.

Gift cards sold and loyalty points earned are recorded as deferred revenue until used and the revenue is earned. Revenues for ticket sales that are refundable are deferred until the event occurs.

Program fees and services include revenue related to vocational and therapy programs and is recognized at the time the service is provided.

The Organization's contract liabilities consist of:

<i>June 30,</i>	2021
Deferred Revenue:	
Prepaid Gift Cards and Loyalty Program	\$ 459,079
Deferred Event Income	112,005
Total	\$ 571,084

Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities using cost centers. The Organization's policy is to allocate and record expenses to various cost centers based on the direct association of that expense to the particular cost center. Cost centers are segregated into individual programs, overall program administration, general administration, and fundraising. Costs that cannot be directly associated with only one cost

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

center are allocated to cost centers based on defined percentages that differ depending on the type of expense. Allocation methods vary depending on the costs to be allocated and may be based on total expenses, total revenue, square footage, hours worked, or employee counts. Significant attention is focused to assure that only costs directly attributable to programs are allocated to programs. Remaining administrative and fundraising costs are not allocated to programs.

Liquidity

The Organization had financial assets available within one year of the year ending June 30, 2021 as follows:

<i>June 30,</i>	2021
Cash and Cash Equivalents	\$ 9,060,376
Accounts Receivable	359,647
Grants Receivable	24,585
Pledges Receivable	2,829,126
Current Investments	18,556,393
Less: Donor Imposed Restrictions	(22,092,691)
Total	\$ 8,737,436

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. To help manage unanticipated liquidity needs, the Organization has a revolving line of credit in the amount of \$2 million which it could draw upon (see Note 10).

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions at the date of the financial statements. These estimates and assumptions 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. Actual results could differ from those estimates.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the IRC and is subject to federal income tax only on net unrelated business income. The Organization currently has no unrelated business income and is not considered a private foundation within the meaning of Section 509(a) of the IRC and all charitable contributions are considered tax deductible.

New Accounting Pronouncement Effective in Future Accounting Periods

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

related liabilities for the rights and obligations created by the leases on the balance sheet for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The standard will be effective for the entity for annual periods beginning after December 15, 2021; however, early application is permitted. Management is currently evaluating the impact this guidance will have on its financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through November 15, 2021, the date the financial statements were available to be issued.

3. Restatement

During the year, management elected to change the method of accounting for donated inventory resulting in an increase in beginning net assets without donor restrictions of \$1,292,265. Historically, the method used for determining inventory value resulted in no value being attributable to donated inventory on hand at year end.

4. Trust Receivables

The Organization has been designated as the beneficiary of several estates. Trust receivables represent amounts to be received from those estates. Generally, all of the trust receivables either bear interest as part of the agreement or represent an interest in assets that is being managed by the estate's trustee. Trust receivables are shown net of any associated unrealized gain (loss) of the underlying account balances on the statement of cash flows.

5. Pledges Receivable

Pledges Receivable consisted of the following as of June 30, 2021:

Collection Period	Pledges Receivable	Discount	Net Pledges Receivable
Within One Year	\$ 2,833,775	\$ (4,649)	\$ 2,829,126
Between One to Five Years	3,745,430	(6,350)	3,739,080
Total	\$ 6,579,205	\$ (10,999)	\$ 6,568,206

Pledges receivable from five individual donors represented approximately 63% of the total pledges receivable balance at June 30, 2021, each individually greater than 10%.

Contributions received from one organization represented 12% of total contribution revenue during the year ended June 30, 2021.

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

6. Fair Value of Investments

The following table sets forth by level with the fair value hierarchy, the Organization's assets and liabilities at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds:				
Domestic Equity	\$ 7,959,247	\$ -	\$ -	\$ 7,959,247
Fixed Income	13,029,300	-	-	13,029,300
International Equity	4,338,906	-	-	4,338,906
Total Investments	\$ 25,327,453	\$ -	\$ -	\$ 25,327,453

7. Land, Buildings, and Equipment

Land, buildings, and equipment, at cost used in operations consisted of the following at June 30:

<i>June 30,</i>	2021
Land and Improvements	\$ 8,175,179
Buildings and Improvements	15,297,475
Furniture and Equipment	3,757,522
Vehicles	1,141,475
Loan Origination and Asset Acquisition Fees	114,643
Total	28,486,294
Less: Accumulated Depreciation and Amortization	(9,706,880)
Total	18,779,414
Construction in Progress	1,683,236
Total	\$ 20,462,650

The Organization's construction in progress pertained to various projects, some of which are estimated to be completed in the near term. Amounts relating to long-term construction totaled \$1,484,397 as of June 30, 2021.

8. Gift Annuities

During prior years, the Organization was the beneficiary of charitable gift annuities. Under the terms of the split-interest agreement, the Organization agrees to pay a stated dollar amount to the donor until the donor's death. At the time of the donor's death, the remaining assets are available without restrictions for the use of the Organization. Based on donor life expectancy, there were no future benefits expected to be paid by the Organization for the year ended June 30, 2021.

The Organization made payments to annuitants in the amount of \$15,617 for the year ended June 30, 2021. Of the amount paid, \$0 was recorded as a reduction in the liability for 2021, and \$15,617 was recorded as an expense for the year ended June 30, 2021.

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

9. Notes Payable

Long-term debt consists of the following as of June 30:

<i>June 30,</i>	2021	2020
Idaho Central Credit Union; Monthly payments of \$31,769, including interest at 2.75% ; maturing March 2031; collateralized by real property and buildings	\$ 3,257,018	\$ -
Private party; annual payments of \$160,000, including interest at 2.50% ; maturing May 2034; collateralized by Idaho Youth Land Reserve	1,757,310	1,870,546
Private party; monthly payments of \$1,306, noninterest bearing; maturing February 2026; collateralized by real property and buildings	74,814	90,482
Total	5,089,142	5,369,148
Less: Current Maturities	427,090	309,182
Long- Term Debt, Less Current Maturities	\$ 4,662,052	\$ 5,059,966

The borrowing under the Idaho Central Credit Union loan are subject to certain financial covenants; the Organization is not aware of any noncompliance with these covenants.

Scheduled principal payments on long-term debt are as following as of June 30, 2021:

<i>Year Ended June 30,</i>	Amount
2022	\$ 427,090
2023	438,217
2024	449,549
2025	461,472
2026	469,915
Thereafter	2,842,899
Total	\$ 5,089,142

10. Line Of Credit

The Organization entered into a revolving line of credit with Idaho Central Credit Union on March 2, 2021, with a maximum available amount of \$2,000,000. The line of credit accrues interest based upon a variable rate of interest equal to the prime rate and is due on a monthly basis. The line of credit expires on February 28, 2022, with all unpaid sums due at that time. The line of credit is secured by inventory, accounts receivable, and equipment of the Organization. The outstanding balance as of June 30, 2021 was \$0.

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

11. Capital Leases

The Organization has financed equipment through capital leases. At June 30, assets acquired under capital leases are as follows:

<i>June 30,</i>	2021
Equipment	\$ 1,121,498
Less: Accumulated Depreciation	560,625
Total	\$ 560,873

Future minimum payments under these capital leases as of June 30, 2021 are as follows:

<i>Year Ending June 30,</i>	Amount
2022	\$ 188,277
2023	186,684
2024	186,684
2025	88,784
Total:	650,429
Less: Amount Representing Interest	50,833
Present Value of Minimum Lease Payments	599,596
Less: Current Portion of Capital Lease Obligations	163,854
Total Noncurrent Portion	\$ 435,742

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

12. Funds with Donor Restrictions

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

<i>June 30,</i>	2021
Subject to Expenditure for Specified Purpose:	
Restricted for Scholarships	\$ 673,062
Restricted for Life Estate	563,651
Restricted for Capital Campaign	22,486,220
Restricted for Specific Programs	53,000
Total	23,775,933
Restricted by Donors to be Held in Perpetuity:	
Restricted for General Endowment	3,965,808
Restricted for Scholarships	919,376
Restricted for Specific Programs	1,885,876
Total	6,771,060
Total Net Assets with Donor Restrictions	\$ 30,546,993

The investment income earned by the restricted categories for a specified purpose above is restricted for the same purpose as the underlying balances.

The investment income earned by the general endowment funds is restricted for specified purposes and may be used according to the board of director's discretion. The investment income earned by the scholarship funds is restricted to providing youth scholarships. The investment income earned by program specific funds is restricted to provide for those programs.

Net assets for specified purposes that were released from restrictions are listed below for the year ended June 30:

<i>Year Ended June 30,</i>	2021
Satisfaction of Purpose Restrictions:	
Restricted for Scholarships	\$ 5,410
Restricted for Annuities	-
Restricted for Capital Campaign	195,811
Restricted for Specific Programs	2,425,025
Total	\$ 2,626,246

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

13. Endowments

The Organization receives certain gift assets restricted for endowment purposes. The gift assets are generally donor directed for a variety of purposes. Restriction requirements for principal preservation are addressed by Idaho statute and are applicable in the absence of further guidance from the donor. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The state of Idaho enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and the Organization has determined that the majority of the Organization's net assets do not meet the definition of endowment under UPMIFA. The endowment subject to UPMIFA, and other investment assets, are managed per the Investment Policy and most contributions are subject to the terms of the Gift Acceptance Policy. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Organization. The Organization has interpreted UPMIFA as requiring preservation of the fair value of the original gift, as of the gift date, for donations permanently restricted to the endowment by the donor, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated with permanent restrictions, (b) the original value of subsequent gifts with permanent restrictions, and (c) accumulations to the permanent accounts made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Organization and the donor-restricted endowment.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Organization.
- (7) The investment policies of the Organization.

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

Following are the changes in endowment net assets for the fiscal year ended June 30:

	Year Ended June 30, 2021			Total
	Board Designated	Donor Restricted for Specified Purpose	Restricted by Donors to be Held in Perpetuity	
Beginning of Year Balance	\$ -	\$ 376,948	\$ 6,706,337	\$ 7,083,285
Contributions	-	1,000	64,723	65,723
Investment Income	-	300,524	-	300,524
Appropriated for Expenditures	-	(5,410)	-	(5,410)
End of Year Balance	\$ -	\$ 673,062	\$ 6,771,060	\$ 7,444,122

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2021.

Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner as to provide for safety of principal through diversification of investments while growing the corpus in real, inflation-adjusted terms after spending and expenses. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Organization has a policy of financial status review to determine an appropriate annual distribution to be expended for the purposes in which the endowment was established. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

14. Retirement Plan

The Organization sponsors the Idaho Youth Ranch 401(k) Plan (the Plan). Employees were eligible to participate in the salary reduction arrangement in the Plan after 90 days of service with the Organization and attaining age 18. In June 2021, the Plan was changed to allow salary reduction with no waiting period. Employees are eligible to participate in Organization matching contributions of one:one, up to 3% after completion of one year of service. The Organization made matching contributions of \$224,754 for the year ended June 30, 2021.

Idaho Youth Ranch, Inc.

Notes to Financial Statements Year Ended June 30, 2021

15. Operating Leases

The Organization has entered into 18 operating leases for thrift store, warehouse, and program services space. The leases require monthly rental payments and have various commencement and expiration dates through November 2027.

Minimum future rental payments under the long-term operating leases as of June 30, 2021 are as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2022	\$ 1,147,777
2023	1,005,592
2024	958,322
2025	766,579
2026	603,096
Thereafter	419,335
Total	\$ 4,900,701

The Organization also rents property and equipment on an as-needed, month-to-month basis.

Total rent expense under operating leases was \$1,228,337 for the year ended June 30, 2021.

16. Operating Lease Commitments

The Organization leases facility building and arena space to another nonprofit under a noncancelable operating lease with a term of 15 years. The following is a schedule by years of future minimum rental payments under the lease at June 30, 2021:

<i>Year Ending June 30,</i>	<i>Amount</i>
2022	\$ 47,772
2023	49,041
2024	50,337
2025	51,655
2026	54,193
Thereafter	337,063
Total	\$ 590,061

17. Related Party Transactions

During the year ended June 30, 2021, the Organization received contributions of \$299,390 from board members.