

IDAHO YOUTH RANCH, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023



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**IDAHO YOUTH RANCH, INC.
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JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Idaho Youth Ranch, Inc. ("IYR") (an Idaho nonprofit corporation), which comprise the statement of financial position as of June 30, 2024, 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 financial statements referred to above present fairly, in all material respects, the financial position of IYR as of June 30, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of IYR 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.

Prior Period Financial Statements

The 2023 financial statements of IYR were audited by other auditors whose report dated November 27, 2023, expressed an unmodified opinion on those statements.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IYR'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 IYR'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.



CliftonLarsonAllen LLP

Bellevue, WA
November 14, 2024

IDAHO YOUTH RANCH, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,225,322	\$ 7,160,728
Investments	17,290,451	18,353,432
Accounts Receivable	1,276,155	471,618
Current Portion of Pledges Receivable, Net	981,579	1,502,403
Donated Assets Held for Investment	14,700	14,700
Prepaid Expenses and Deposits	210,317	188,530
Inventory	2,368,343	2,483,468
Trust Receivables, Net	355,229	336,363
Total Current Assets	23,722,096	30,527,780
NONCURRENT ASSETS		
Operating Leases Right-of-Use Assets, Net	3,389,657	4,123,552
Finance Leases Right-of-Use Assets, Less Accumulated Amortization of \$435,762 and \$161,312, respectively	1,289,912	232,517
Idaho Youth Land Reserve	7,295,000	7,295,000
Investments, Less Current Portion	7,218,340	7,054,454
Pledges Receivable, Less Current Portion, Net	654,490	1,380,883
Land, Buildings, and Equipment, Less Accumulated Depreciation of \$12,546,149 and \$10,849,121, respectively	42,660,842	39,819,758
Total Noncurrent Assets	62,508,241	59,906,164
Total Assets	\$ 86,230,337	\$ 90,433,944

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2024 AND 2023

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 456,967	\$ 5,358,217
Accrued Personnel Costs and Other Expenses	1,318,682	1,775,639
Deferred Revenue	1,378,417	1,488,720
Current Maturities of Operating Lease Liabilities	1,244,039	1,374,458
Current Maturities of Finance Lease Liabilities	249,826	180,694
Current Maturities of Long-Term Debt	461,468	449,549
	5,109,399	10,627,277
NONCURRENT LIABILITIES		
Operating Lease Liabilities, Less Current Maturities	2,297,629	2,903,463
Finance Lease Liabilities, Less Current Maturities	1,078,169	97,860
Long-Term Debt, Less Current Maturities	3,312,817	3,774,285
Interest in Life Estate	2,987,813	3,071,706
	9,676,428	9,847,314
Total Liabilities	14,785,827	20,474,591
NET ASSETS		
Without Donor Restrictions	58,464,718	26,848,935
With Donor Restrictions:		
Restricted for Specified Purpose	5,761,452	36,055,964
Restricted by Donors to be Held in Perpetuity	7,218,340	7,054,454
	12,979,792	43,110,418
Total Net Assets	71,444,510	69,959,353
Total Liabilities and Net Assets	\$ 86,230,337	\$ 90,433,944

See accompanying Notes to Financial Statements.

**IDAHO YOUTH RANCH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 3,503,766	\$ 1,981,282	\$ 5,485,048
Grants	83,207	1,507,984	1,591,191
Fundraising	391,509	-	391,509
Program Fees and Services	1,590,036	-	1,590,036
Social Enterprise	20,705,234	-	20,705,234
Contributions of Nonfinancial Assets	5,383,990	470,983	5,854,973
Rent	81,268	-	81,268
Net Investment Income (Loss)	3,250,353	(212,877)	3,037,476
Gain (Loss) on Sale of Assets, Net	(15,769)	5,533	(10,236)
Miscellaneous Income	39,672	29,285	68,957
Net Assets Released from Restriction	33,912,816	(33,912,816)	-
Total Support and Revenue	68,926,082	(30,130,626)	38,795,456
EXPENSES			
Program Services:			
Residential	8,560,677	-	8,560,677
Community Services	1,158,953	-	1,158,953
Workforce Development	191,038	-	191,038
Social Enterprises	25,079,338	-	25,079,338
Total Program Expenses	34,990,006	-	34,990,006
Supporting Services:			
General and Administration	3,185,464	-	3,185,464
Fundraising	2,048,891	-	2,048,891
Total Supporting Services	5,234,355	-	5,234,355
Total Expenses	40,224,361	-	40,224,361
NET (DECREASE) INCREASE IN NET ASSETS BEFORE NONOPERATING ITEMS	28,701,721	(30,130,626)	(1,428,905)
NONOPERATING ITEMS			
Insurance Proceeds	2,914,062	-	2,914,062
Total Nonoperating Items	2,914,062	-	2,914,062
NET INCREASE (DECREASE) IN NET ASSETS	31,615,783	(30,130,626)	1,485,157
Net Assets - Beginning of Year	26,848,935	43,110,418	69,959,353
NET ASSETS - END OF YEAR	\$ 58,464,718	\$ 12,979,792	\$ 71,444,510

See accompanying Notes to Financial Statements.

**IDAHO YOUTH RANCH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 4,492,516	\$ 1,079,946	\$ 5,572,462
Grants	117,394	9,301,598	9,418,992
Fundraising	483,713	-	483,713
Program Fees and Services	580,983	-	580,983
Social Enterprise	18,744,046	-	18,744,046
Contributions of Nonfinancial Assets	6,140,298	196,130	6,336,428
Rent	83,145	-	83,145
Net Investment Income	1,656,666	445,240	2,101,906
Gain (Loss) on Sale of Assets, Net	(12,491)	13,099	608
Miscellaneous Income	34,228	764	34,992
Net Assets Released from Restriction	1,991,940	(1,991,940)	-
Total Support and Revenue	<u>34,312,438</u>	<u>9,044,837</u>	<u>43,357,275</u>
EXPENSES			
Program Services:			
Residential	3,895,728	-	3,895,728
Community Services	1,194,833	-	1,194,833
Workforce Development	135,160	-	135,160
Social Enterprises	<u>23,961,438</u>	<u>-</u>	<u>23,961,438</u>
Total Program Expenses	29,187,159	-	29,187,159
Supporting Services:			
General and Administration	2,569,879	-	2,569,879
Fundraising	<u>2,171,638</u>	<u>-</u>	<u>2,171,638</u>
Total Supporting Services	4,741,517	-	4,741,517
Total Expenses	<u>33,928,676</u>	<u>-</u>	<u>33,928,676</u>
NET INCREASE IN NET ASSETS BEFORE NONOPERATING ITEMS	383,762	9,044,837	9,428,599
NONOPERATING ITEMS			
Insurance Proceeds	991,464	-	991,464
Non-operating Fire Loss	<u>(3,383,772)</u>	<u>-</u>	<u>(3,383,772)</u>
Total Nonoperating Items	<u>(2,392,308)</u>	<u>-</u>	<u>(2,392,308)</u>
NET INCREASE (DECREASE) IN NET ASSETS	(2,008,546)	9,044,837	7,036,291
Net Assets - Beginning of Year	<u>28,857,481</u>	<u>34,065,581</u>	<u>62,923,062</u>
NET ASSETS - END OF YEAR	<u>\$ 26,848,935</u>	<u>\$ 43,110,418</u>	<u>\$ 69,959,353</u>

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	Program Services				Support Services			2023 Total	
	Residential	Community Services	Workforce Development	Social Enterprise	Total Program Services	General and Administration	Fundraising		Total
Salaries and Wages	\$ 3,687,163	\$ 710,969	\$ 72,723	\$ 10,148,758	\$ 14,619,613	\$ 2,013,308	\$ 954,459	\$ 17,587,380	\$ 15,186,836
Temporary Labor	-	-	-	24,429	24,429	-	-	24,429	7,953
Payroll Tax and Insurance	377,362	64,981	7,696	912,338	1,362,377	157,110	72,513	1,592,000	1,341,081
Employee Benefits	377,014	89,737	11,635	1,489,934	1,968,320	233,321	105,559	2,307,200	1,913,155
Employee Job Related	92,561	10,296	6,392	51,843	161,092	15,508	12,764	189,364	120,426
Employee Recruitment	47,795	1,416	31	1,764	51,006	2,508	46	53,560	64,309
Business Travel and Meals	34,373	10,913	3,713	28,496	77,495	15,881	22,104	115,480	153,665
Client Health	27,911	212	23	-	28,146	-	-	28,146	8,279
Animal Therapy	31,345	-	-	-	31,345	-	-	31,345	27,503
Other Client Therapy	1,322	1,361	-	-	2,683	-	-	2,683	3,413
Client Necessities	362,778	15,987	4,435	-	383,200	-	-	383,200	95,405
Scholarships	-	2,500	-	-	2,500	-	-	2,500	500
Trainee Stipends	-	-	62,215	-	62,215	-	-	62,215	28,090
Occupancy	11,315	395	7	1,268,890	1,280,607	304	37	1,280,948	1,269,729
Utilities	276,456	27,215	1,592	712,738	1,018,001	13,745	13,580	1,045,326	947,273
Repairs and Maintenance	83,458	38,835	1,495	614,813	738,601	12,259	9,711	760,571	769,517
Rent Equipment and Lease Expense	17,219	2,005	29	695,803	715,056	1,754	8,150	724,960	544,684
Depreciation and Amortization	1,265,143	26,096	1,245	410,319	1,702,803	53,389	8,959	1,765,151	1,178,713
Professional Services	415,956	37,764	4,957	144,692	603,369	452,031	112,831	1,168,231	612,762
Advertising and Promotion	24,040	16,068	455	30,284	70,847	7,813	137,663	216,323	180,959
Fundraising	-	-	-	-	-	-	401,144	401,144	574,653
Transport Travel Repairs	17,090	1,185	2,382	228,177	248,834	7,845	246	256,925	278,446
General Supplies	982,317	65,875	8,564	555,788	1,612,544	97,992	89,691	1,800,227	1,365,147
Insurance	107,295	20,067	1,145	312,212	440,719	47,488	5,234	493,441	397,754
Credit Card and Bank Fees	6,130	1,539	103	392,900	400,672	4,138	40,760	445,570	407,818
Interest Expense	2,953	155	17	126,693	129,818	45,138	299	175,255	336,555
Miscellaneous	311,681	13,382	184	5,146	330,393	3,913	53,141	387,447	108,728
Purchase for Resale Inventory	-	-	-	1,084,285	1,084,285	-	-	1,084,285	1,155,862
COGS Donated Merchandise	-	-	-	5,279,392	5,279,392	-	-	5,279,392	4,674,972
COGS Other	-	-	-	559,644	559,644	19	-	559,663	174,489
Total	\$ 8,560,677	\$ 1,158,953	\$ 191,038	\$ 25,079,338	\$ 34,990,006	\$ 3,185,464	\$ 2,048,891	\$ 40,224,361	\$ 33,928,676

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	Program Services					Support Services		Total	2022 Total
	Residential	Community Services	Workforce Development	Social Enterprise	Total Program Services	General and Administration	Fundraising		
Salaries and Wages	\$ 1,955,358	\$ 721,057	\$ 61,078	\$ 9,967,350	\$ 12,704,843	\$ 1,586,517	\$ 895,476	\$ 15,186,836	\$ 12,778,475
Temporary Labor	923	397	40	6,392	7,752	-	201	7,953	425,032
Payroll Tax and Insurance	209,980	62,888	6,109	908,887	1,187,864	85,399	67,818	1,341,081	1,190,427
Employee Benefits	202,505	92,338	8,425	1,346,354	1,649,622	171,491	92,042	1,913,155	1,582,238
Employee Job Related	50,485	14,486	1,781	19,248	86,000	23,911	10,515	120,426	166,072
Employee Recruitment	59,591	2,156	-	1,424	63,171	1,132	6	64,309	45,029
Business Travel and Meals	51,650	16,145	881	40,160	108,836	31,067	13,762	153,665	115,175
Client Health	8,279	-	-	-	8,279	-	-	8,279	3,919
Animal Therapy	27,503	-	-	-	27,503	-	-	27,503	28,614
Other Client Therapy	2,159	1,194	60	-	3,413	-	-	3,413	941
Client Necessities	80,836	10,414	4,149	-	95,399	-	6	95,405	40,896
Scholarships	-	500	-	-	500	-	-	500	9,000
Trainee Stipends	-	-	28,090	-	28,090	-	-	28,090	11,950
Occupancy	11,099	329	9	1,246,039	1,257,476	11,557	696	1,269,729	1,183,044
Utilities	156,152	27,814	1,950	740,433	926,349	15,087	5,837	947,273	836,029
Repairs and Maintenance	78,985	37,679	1,465	637,509	755,638	9,755	4,124	769,517	789,838
Rent Equipment and Lease Expense	2,475	2,238	59	523,625	528,397	7,449	8,838	544,684	547,934
Depreciation and Amortization	456,015	26,833	1,745	641,199	1,125,792	43,869	9,052	1,178,713	1,210,789
Professional Services	93,387	32,135	5,947	149,389	280,858	179,465	152,439	612,762	644,519
Advertising and Promotion	14,481	13,190	460	32,970	61,101	3,662	116,196	180,959	336,736
Fundraising	5,475	-	-	-	5,475	-	569,178	574,653	469,036
Transport Travel Repairs	21,379	2,055	1,098	239,857	264,389	13,463	594	278,446	289,023
General Supplies	318,392	85,802	9,362	778,345	1,191,901	84,227	89,019	1,365,147	1,150,675
Insurance	70,620	40,629	2,096	238,347	351,692	44,156	1,906	397,754	330,193
Credit Card and Bank Fees	847	1,247	49	336,840	338,983	5,021	63,814	407,818	387,263
Interest Expense	592	76	8	83,429	84,105	249,850	2,600	336,555	153,745
Miscellaneous	16,315	3,231	299	18,563	38,408	2,801	67,519	108,728	116,667
Purchase for Resale Inventory	-	-	-	1,155,862	1,155,862	-	-	1,155,862	1,196,418
COGS Donated Merchandise	-	-	-	4,674,972	4,674,972	-	-	4,674,972	4,875,058
COGS Other	245	-	-	174,244	174,489	-	-	174,489	595,433
Total	\$ 3,895,728	\$ 1,194,833	\$ 135,160	\$ 23,961,438	\$ 29,187,159	\$ 2,569,879	\$ 2,171,638	\$ 33,928,676	\$ 31,510,168

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Increase in Net Assets	\$ 1,485,157	\$ 7,036,291
Adjustments to Reconcile Net Increase in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,765,151	1,178,713
(Gain) Loss on Sale of Investments	37,599	(718,822)
Loss on Sale of Assets	10,236	-
Noncash Operating Lease Expense	264,138	38,430
Bad Debt Expense	18,082	41,904
Unrealized Gain on Investments	(2,147,238)	(707,489)
Change in Liability for Interest in Life Estate	(83,893)	(83,017)
Noncash Contribution of Investments	(431,548)	(2,024,934)
(Increase) Decrease in Assets:		
Accounts Receivable	(822,619)	(103,336)
Grants Receivable	16,538	91,421
Pledges Receivable	1,247,217	2,345,299
Prepaid Expenses and Deposits	(21,787)	553,502
Inventory	115,125	(252,498)
Trust Receivables, Net	(18,866)	(86,128)
Increase (Decrease) in Liabilities:		
Accounts Payable	(4,901,250)	500,792
Accrued Personnel Costs and Other Expenses	(456,957)	137,919
Deferred Revenue	(110,303)	771,881
Net Cash Provided (Used) by Operating Activities	(4,035,218)	8,719,928
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(4,639,349)	(10,914,941)
Proceeds from Sale of Property and Equipment	22,878	110,857
Purchase of Investments	(230,139)	(1,280,415)
Proceeds from Sale of Investments	3,670,421	3,769,994
Net Cash Used by Investing Activities	(1,176,189)	(8,314,505)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Finance Leases	(274,450)	(157,188)
Principal Payments on Long-Term Debt	(449,549)	(438,217)
Net Cash Used by Financing Activities	(723,999)	(595,405)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,935,406)	(189,982)
Cash and Cash Equivalents - Beginning of Year	7,160,728	7,350,710
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,225,322	\$ 7,160,728

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 175,862	\$ 330,212
Operating Right-of-Use Assets Exchanged for Lease Liabilities	\$ 733,895	\$ 455,037
Noncash Contributions of Inventory and Other Items	\$ 24,654,160	\$ 23,670,244
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Purchases Accrued in Accounts Payable	\$ -	\$ 2,569,980

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION

Nature of Operations

Idaho Youth Ranch, Inc. ("IYR") 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

IYR 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 at-risk 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, 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 at Idaho's most vulnerable youth and uses leading therapeutic practices to provide them the healing and hope they need. Blending proven evidence-based therapies; Trauma Focused – Cognitive Behavioral Therapy, Dialectical Behavior Therapy, Eye Movement Desensitization and Reprocessing Therapy, and Equine Assisted Therapy, IYR 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 nonagency 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 15 through 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
JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION (CONTINUED)

Programs and Services (Continued)

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 noncash 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. Social enterprise also collaborates with multiple other agencies (WCA, Interfaith Sanctuary, CATCH, Jesse Tree, Agency for New Americans, etc.) to provide employment opportunities and training for many adults in need of work.

Residential Center for Healing and Resilience

In August 2023, IYR opened the Residential Center for Healing and Resilience (RCH&R), a psychiatric residential treatment facility, on the Hands of Promise Campus. The RCH&R includes two residential halls, wellness center, dining and recreation hall, education center, and a welcome center for families. These buildings and services were designed to support the physical, emotional, and educational needs of the children and teens who will live here. Youth are supported with 24-hour nursing, psychiatric care, proven treatment models, and a year-round school. Designed and modeled after leading national facilities, the RCH&R includes medication management, nutrition, and physical fitness in a secure environment with 24-hour supervision. All this care supports one goal: helping kids heal and return to their families and communities in a safe and supported manner.

Administration and Fundraising

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

NOTE 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. IYR 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 IYR 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.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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, IYR considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents. IYR 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).

IYR maintains its cash deposits at various financial institutions which at times may exceed federally insured limits. At June 30, 2024, IYR had cash balances in excess of federally insured limits of approximately \$378,599.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. These balances consist primarily of billings for contract revenues, private insurance revenues and thrift revenues.

The carrying amount of accounts and contract receivable is reduced by an allowance for credit losses based on estimated losses that will be incurred in collection of all receivables. Management provides for probable uncollected amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Agency separates accounts receivable into risk pools based on their aging. In determining the amount of allowance as of the balance sheet date, the Agency writes off receivables that are not expected to be collectible after ninety days. This loss rate is based on management's expectations about current and future economic conditions. Management believes this method provides a proper recognition of bad debt expense in the period incurred.

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, 2024 and 2023.

**IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The discounts on those amounts expected to be collected over more than one year are computed using the three-month treasury rate at the date in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are recorded when conditions are met as stipulated by the donor.

Inventory

Inventories of purchased merchandise are valued at the lower of cost or net realizable value. Donated merchandise inventory is initially valued at estimated fair value. IYR establishes a reserve for slow moving donated inventory to reflect an estimated net realizable value. As of June 30, 2024 and 2023, management determined a reserve was not necessary.

Idaho Youth Land Reserve and Interest in Life Estate

The Idaho Youth Land Reserve represents \$7,295,000 of property donated to IYR 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 IYR 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, IYR recorded an interest in life estate in the amount of \$2,987,813. 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 years ended June 30, 2024 and 2023, a net decrease of \$83,893 and \$83,017, respectively, was recorded to the liability for Interest in Life Estate and resulted in a corresponding increase in contributions with donor restrictions.

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 IYR'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 and Equipment	3 to 20 Years
Vehicles	3 to 10 Years

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Buildings, and Equipment (Continued)

Depreciation and amortization expense for the years ended June 30, 2024 and 2023, was \$1,765,151 and \$1,178,713, respectively.

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 IYR 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 used 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, 2024 and 2023.

Investment Valuation and Income Recognition

IYR'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 stock, 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 alternative funds are valued using the net asset value of units owned by IYR, which are based on observable and unobservable market prices for the underlying assets, held by the alternative funds.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition (Continued)

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 IYR 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 IYR's gains and losses on investments bought and sold as well as held during the year.

Leases

IYR determines if an arrangement is a lease at inception of a contract. For leases with an initial term greater than 12 months, a related lease liability is recorded on the balance sheet at the present value of future lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, IYR used IYR's incremental borrowing rate as of the adoption date for existing leases, and as of the inception date for new leases. If a lease provides for an implicit rate, that rate is used. A right of use (ROU) asset is recorded at the initial amount of the lease liability, plus any lease payments made to the lessor before or at the lease commencement date and any initial direct costs incurred, less any tenant improvement allowance incentives received.

IYR elected the practical expedient related to treating lease and nonlease components as a single lease component for all leases as well as electing a policy exclusion permitting leases with an original lease term of less than one year to be excluded from the ROU assets and lease liabilities.

Operating lease expense is recognized on a straight-line basis over the lease term. Tenant incentive allowances received from the lessor are amortized through the ROU asset as a reduction of rent expense over the lease term. For finance leases, the ROU assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful life, unless the terms of the lease include a bargain purchase option or transfer ownership at the end of the lease term in which the ROU asset is amortized over the estimated useful life. Variable lease payments that are not based on an index or that result from changes to an index subsequent to the initial measurement of the corresponding lease liability are not included in the measurement of lease ROU assets or liabilities and instead are recognized in earnings in the period in which the obligation for those payments is incurred. Leases with an initial term of 12 months or less (short-term leases) are not recorded on the balance sheet. Short-term lease expense is recognized on a straight-line basis over the lease term.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loan Issuance and Asset Acquisition Costs

Loan issuance and asset acquisition costs have been capitalized in the accompanying statement of financial position, and in accordance with GAAP, are presented as a reduction to the corresponding debt liability. Loan issuance costs are being amortized using the straight-line method, which approximates the effective interest method, for the capital lease liability over the term of the borrowing agreements, unless paid in full earlier, in which case the costs are immediately expensed.

Revenue Recognition

To determine revenue recognition for the arrangements that IYR determines are within the scope of Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers (Topic 606)*, IYR 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) IYR satisfied a performance obligation.

A portion of IYR'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 IYR 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.

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. IYR 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 IYR (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.

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

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

A portion of IYR's programs service and fees revenue is derived from services rendered to clients in our psychiatric residential treatment facility. The services provided by IYR have no fixed duration and can be terminated by the client at any time, and therefore, each service is its own stand-alone contract.

These revenue amounts are reported at the amount that reflects the consideration to which IYR expects to be entitled in exchange for the care services. These amounts are due from clients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, IYR bills the clients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by IYR. Revenue for performance obligations satisfied over time is recognized based on rates negotiated with the clients and third-party payors. IYR believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Generally, performance obligations satisfied over time relate to clients receiving care through the psychiatric residential treatment facility. IYR measures the performance obligation from commencement of the service to the point when it is no longer required to provide services to that client, which is generally at the time the client discharges.

IYR determines the transaction price based on prospectively determined rates for goods and services provided. IYR determines its estimates of allowances and discounts based on its discount policies and historical experience.

The other portion of IYR's program fees and services include revenue related to vocational and therapy programs and is recognized at the time the service is provided.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

IYR's contract liabilities consisted of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Deferred Revenue:			
Prepaid Gift Cards and Loyalty Program	\$ 447,243	\$ 415,338	\$ 443,340
Deferred Event Income	131,174	273,382	273,499
Other Deferred Items	<u>800,000</u>	<u>800,000</u>	<u>-</u>
Total	<u>\$ 1,378,417</u>	<u>\$ 1,488,720</u>	<u>\$ 716,839</u>

Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities using cost centers. IYR'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 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 ensure that only costs directly attributable to programs are allocated to programs. Remaining administrative and fundraising costs are not allocated to programs.

Advertising

IYR expenses advertising and promotion costs as they are incurred. Advertising and promotion expenses for the years ended June 30, 2024 and 2023, was \$216,323 and \$180,959, respectively, and is included in the statements of functional expenses.

Liquidity

IYR's financial assets available within one year:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 1,225,322	\$ 7,160,728
Accounts Receivable	1,276,155	471,618
Current Portion of Pledges Receivable	981,579	1,502,403
Current Investments	17,290,451	18,353,433
Less: Donor Imposed Restrictions	<u>(5,483,967)</u>	<u>(13,650,628)</u>
Total	<u>\$ 15,289,540</u>	<u>\$ 13,854,092</u>

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity (Continued)

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, IYR has a revolving line of credit in the amount of \$2 million which it could draw upon (see Note 9).

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

IYR 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. IYR 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 the Current Accounting Period

At the beginning of 2024, IYR adopted Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. IYR adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on IYR's financial statements.

Reclassifications

Certain amounts presented in the preceding year have been reclassified to conform with the financial statement presentation in the current year. The reclassifications have no effect on the change in net assets or net assets previously stated.

Subsequent Event

IYR has evaluated subsequent events through November 14, 2024, which is the date the financial statements were available to be issued and has determined that other than the event mentioned in Note 16, there are no other subsequent events that require disclosure.

NOTE 3 TRUST RECEIVABLES

IYR has been designated as the beneficiary of several estates. Trust receivables represent amounts to be received from those estates. Generally, all 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.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 PLEDGES RECEIVABLE

Pledges Receivable consisted of the following as of June 30, 2024:

<u>Collection Period</u>	<u>Pledges Receivable</u>	<u>Discount</u>	<u>Net Pledges Receivable</u>
Within One Year	\$ 988,200	\$ (6,621)	\$ 981,579
Between One to Five Years	657,487	(2,997)	654,490
Total	<u>\$ 1,645,687</u>	<u>\$ (9,618)</u>	<u>\$ 1,636,069</u>

Pledges receivable from three individual donors represented approximately 64% of the total pledges receivable balance at June 30, 2024, each individually greater than 10%.

Pledges Receivable consisted of the following as of June 30, 2023:

<u>Collection Period</u>	<u>Pledges Receivable</u>	<u>Discount</u>	<u>Net Pledges Receivable</u>
Within One Year	\$ 1,510,985	\$ (8,582)	\$ 1,502,403
Between One to Five Years	1,388,962	(8,079)	1,380,883
Total	<u>\$ 2,899,947</u>	<u>\$ (16,661)</u>	<u>\$ 2,883,286</u>

Pledges receivable from three individual donors represented approximately 38% of the total pledges receivable balance at June 30, 2023, each individually greater than 10%.

No contributions received during the years ended June 30, 2024 and 2023, represented more than 10% of total contribution revenue during the years.

NOTE 5 FAIR VALUE OF INVESTMENTS

The following table set forth by level with the fair value hierarchy as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual Funds:				
Domestic Equity	\$ 11,905,957	\$ -	\$ -	\$ 11,905,957
Fixed Income	10,058,328	-	-	10,058,328
International Equity	3,173,106	-	-	3,173,106
Total Investments	<u>\$ 25,137,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,137,391</u>

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 FAIR VALUE OF INVESTMENTS (CONTINUED)

The following table set forth by level with the fair value hierarchy as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual Funds:				
Domestic Equity	\$ 7,604,920	\$ -	\$ -	\$ 7,604,920
Fixed Income	12,659,472	-	-	12,659,472
International Equity	5,143,495	-	-	5,143,495
Total Investments	<u>\$ 25,407,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,407,887</u>

Net investment income consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Interest and Dividends	\$ (969,644)	\$ (714,822)
Realized (Gains) and Losses	37,599	(717,775)
Unrealized Gains	(2,147,238)	(707,489)
Less: Investment Expenses	<u>41,807</u>	<u>38,180</u>
Total Net Investment Income	<u>\$ (3,037,476)</u>	<u>\$ (2,101,906)</u>

Net investment income consists of interest, dividends, realized and unrealized gains and losses on investments, and investment expenses.

NOTE 6 LAND, BUILDINGS, AND EQUIPMENT

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

	<u>2024</u>	<u>2023</u>
Land and Improvements	\$ 8,678,155	\$ 8,678,154
Buildings and Improvements	41,709,693	15,712,836
Furniture and Equipment	3,613,931	2,989,689
Vehicles	813,084	768,221
Loan Origination and Asset Acquisition Fees	114,643	114,643
Total	<u>54,929,506</u>	<u>28,263,543</u>
Less: Accumulated Depreciation and Amortization	<u>(12,546,149)</u>	<u>(10,849,121)</u>
Total	<u>42,383,357</u>	<u>17,414,422</u>
Construction in Progress	277,485	22,405,336
Total	<u>\$ 42,660,842</u>	<u>\$ 39,819,758</u>

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 NOTES PAYABLE

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

	2024	2023
Idaho Central Credit Union; monthly payments of \$31,769, including interest at 2.75%; maturing March 2031; collateralized by real property and buildings	\$ 2,346,145	\$ 2,658,083
Private party; annual payments of \$160,000, including interest at 2.50%; maturing May 2034; collateralized by Idaho Youth Land Reserve	1,400,330	1,522,273
Private party; monthly payments of \$1,306, noninterest bearing; maturing February 2026; collateralized by real property and buildings	27,810	43,478
Total	3,774,285	4,223,834
Less: Current Maturities	461,468	449,549
Long- Term Debt, Less Current Maturities	\$ 3,312,817	\$ 3,774,285

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

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

Year Ended June 30,	Amount
2025	\$ 461,468
2026	469,915
2027	470,156
2028	482,790
2029	495,938
Thereafter	1,394,018
Total	\$ 3,774,285

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 LINE OF CREDIT

IYR has a revolving line of credit with Wells Fargo, with a maximum available amount of \$2,000,000. The line of credit accrued interest based upon a variable rate of interest equal to the prime rate and is due on a monthly basis. The line of credit was set to expire in May 2024, and on May 30, 2024, IYR renewed this agreement through May 31, 2025, with all unpaid sums due at that time. Under the new agreement, the line of credit accrues interest at a rate of the Daily Simple SOFR plus 3.250% and is due on a monthly basis. No other terms of the previous agreement changed. The line of credit is secured by inventory, accounts receivable, and equipment of IYR. There was no outstanding balance as of June 30, 2024 and 2023.

NOTE 9 LEASES

IYR leases commercial space for thrift stores, warehouses, program services space, and vehicles. The leases require monthly rental payments and have various commencement and expiration dates through December 2031. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning IYR's leases:

	2024	2023
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 274,450	\$ 13,494
Interest on Lease Liabilities	68,518	1,152
Total Finance Lease Expense	342,968	14,646
Operating Lease Cost	1,487,645	156,892
Short-Term Lease Expense	52,336	544,684
Total Lease Expense	\$ 1,882,949	\$ 716,222
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	\$ 1,504,790	\$ 1,483,297
Finance Cash Flows from Operating Leases	\$ 68,518	\$ 17,336
Finance Cash Flows from Finance Leases	\$ 267,492	\$ 172,109
Weighted-Average Remaining Lease Term -		
Finance Leases	5.9 Years	1.6 Years
Operating Leases	3.36 Years	3.2 Years
Weighted-Average Discount Rate - Finance Leases	8.27%	4.73%
Weighted-Average Discount Rate - Operating Leases	5.04 %	4.21 %

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 LEASES (CONTINUED)

The maturity analysis of the operating and finance lease liabilities as of June 30, 2024:

Year Ended June 30,	Finance Leases	Operating Leases	Totals
2025	\$ 309,176	\$ 1,218,302	\$ 1,527,478
2026	309,176	760,925	1,070,101
2027	307,042	342,320	649,362
2028	274,595	271,861	546,456
2029	273,162	78,456	351,618
Thereafter	162,666	-	162,666
Total Minimum Lease Payments	1,635,817	2,671,864	4,307,681
Less: Lease Payments Representing Interest	(319,163)	(185,636)	(504,799)
Net Present Value of Lease Liabilities	1,316,654	2,486,228	3,802,882
Less: Current Maturities	249,826	1,244,039	1,493,865
Lease Liability, Net of Current Maturities	<u>\$ 1,066,828</u>	<u>\$ 1,242,189</u>	<u>\$ 2,309,017</u>

IYR classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024:

	Finance Leases	Operating Leases	Totals
Short-Term Lease Liabilities	\$ 249,826	\$ 1,244,039	\$ 1,493,865
Long-Term Lease Liabilities	1,078,169	2,297,629	3,375,798
Total Lease Liabilities	<u>\$ 1,327,995</u>	<u>\$ 3,541,668</u>	<u>\$ 4,869,663</u>

NOTE 11 NONFINANCIAL CONTRIBUTED ASSETS

IYR receives various forms of nonfinancial contributed assets or gifts-in-kind (GIK) including books and publications, clothing and household goods, cars and other vehicles, and collectibles. All GIKs are recorded as inventory and are valued at fair value or net realizable value, whichever is lower.

IYR's GIK consisted of:

	2024	2023
Clothing and Household Goods	\$ 5,121,743	\$ 5,691,406
Books and Publications	646,424	106,773
Vehicles	237,079	316,777
Collectables	229,632	154,854
Stocks	431,548	623,046
Other	226	3,018
Total	<u>\$ 6,666,652</u>	<u>\$ 6,895,874</u>

IDAHO YOUTH RANCH, INC.
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NOTE 12 FUNDS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose:		
Restricted for Scholarships	\$ 817,198	\$ 650,137
Restricted for Life Estate	812,921	729,028
Restricted for Capital Campaign	4,084,251	34,541,393
Restricted for Specific Programs	<u>47,083</u>	<u>135,406</u>
Total	5,761,452	36,055,964
Restricted by Donors to be Held in Perpetuity:		
Restricted for General Endowment	4,245,992	4,209,327
Restricted for Scholarships	939,376	929,376
Restricted for Specific Programs	<u>2,032,972</u>	<u>1,915,751</u>
Total	<u>7,218,340</u>	<u>7,054,454</u>
Total Net Assets with Donor Restrictions	<u>\$ 12,979,792</u>	<u>\$ 43,110,418</u>

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 not 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 years ended June 30:

	<u>2024</u>	<u>2023</u>
Satisfaction of Purpose Restrictions:		
Restricted for Capital Campaign	\$ 30,457,142	\$ 633,839
Restricted for Specific Programs	<u>93,282</u>	<u>1,355,601</u>
Total	<u>\$ 30,550,424</u>	<u>\$ 1,991,940</u>

IDAHO YOUTH RANCH, INC.
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JUNE 30, 2024 AND 2023

NOTE 13 ENDOWMENTS

IYR 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 IYR has determined that the majority of IYR'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 IYR. IYR 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, IYR 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 IYR in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the fund.
- The purposes of IYR and the donor-restricted endowment.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of IYR.
- The investment policies of IYR.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 ENDOWMENTS (CONTINUED)

Following are the changes in endowment net assets for the fiscal year ended June 30, 2024:

	Board Designated	Donor Restricted for Specified Purpose	Restricted by Donors to be Held in Perpetuity	Total
Beginning of Year Balance	\$ -	\$ 650,137	\$ 7,054,454	\$ 7,704,591
Contributions	-	-	161,406	161,406
Investment Income	-	169,561	2,480	172,041
Appropriated for Expenditures	-	(2,500)	-	(2,500)
End of Year Balance	<u>\$ -</u>	<u>\$ 817,198</u>	<u>\$ 7,218,340</u>	<u>\$ 8,035,538</u>

Following are the changes in endowment net assets for the fiscal year ended June 30, 2023:

	Board Designated	Donor Restricted for Specified Purpose	Restricted by Donors to be Held in Perpetuity	Total
Beginning of Year Balance	\$ -	\$ 524,662	\$ 7,002,827	\$ 7,527,489
Contributions	-	-	51,627	51,627
Investment Income	-	127,975	-	127,975
Appropriated for Expenditures	-	(2,500)	-	(2,500)
End of Year Balance	<u>\$ -</u>	<u>\$ 650,137</u>	<u>\$ 7,054,454</u>	<u>\$ 7,704,591</u>

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 IYR 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, 2024 and 2023.

Investment and Spending Policies

IYR 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, IYR 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).

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13 ENDOWMENTS (CONTINUED)

Investment and Spending Policies (Continued)

IYR 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, IYR considered the long-term expected return on its endowment. Accordingly, over the long term, IYR expects the current spending policy to allow its endowment to grow. This is consistent with IYR'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.

NOTE 14 RETIREMENT PLAN

IYR sponsors the Idaho Youth Ranch 401(k) Plan (the Plan). Employees are eligible to participate in the salary reduction arrangement in the Plan upon being hired. Employees are eligible to participate and receive IYR's matching contributions after one year of service, up to 3%. IYR made matching contributions of \$223,320 and \$220,889 for the years ended June 30, 2024 and 2023, respectively.

NOTE 15 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2024 and 2023, IYR received contributions of \$470,951 and \$53,414, respectively, from board members.

NOTE 16 SUBSEQUENT EVENT

In October 2024, IYR reached a settlement with their insurance company for the fire damage sustained in July 2022.



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