

Idaho Youth Ranch, Inc.

Financial Statements

Year Ended June 30, 2023 and 2022

Idaho Youth Ranch, Inc.

Table Of Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities - Year Ended June 30, 2023	5
Statement of Activities - Year Ended June 30, 2022	6
Statement of Functional Expenses - Year Ended June 30, 2023	7
Statement of Functional Expenses - Year Ended June 30, 2022	8
Statements of Cash Flows	9
Notes to Financial Statements	11



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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Idaho Youth Ranch (the Organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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 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 notes 2 and 10 to the financial statements, the Organization has changed its method of accounting for leases during 2022 due to the adoption of Accounting Standards Codification Topic 842, *Leases*. 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 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 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, P.C.

November 27, 2023

Idaho Youth Ranch, Inc.
Statements of Financial Position

<i>June 30,</i>	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 7,160,728	\$ 7,350,710
Investments	18,353,433	17,775,276
Accounts Receivable	471,618	410,186
Grant Receivable	16,538	107,959
Current Portion of Pledges Receivable, Net	1,502,403	2,894,526
Donated Assets Held for Investment	14,700	14,700
Prepaid Expenses and Deposits	188,530	742,032
Inventory	2,483,467	2,230,969
Trust Receivables, Net	336,363	325,091
Total Current Assets	30,527,780	31,851,449
Noncurrent Assets		
Operating Leases Right-of-Use Assets, Net	4,123,552	-
Finance Leases Right-of-Use Assets, Net	232,517	-
Idaho Youth Land Reserve	7,295,000	7,295,000
Investments, Less Current Above	7,054,454	7,002,827
Pledges Receivable, Less Current Portion, Net	1,380,883	2,334,059
Land, Buildings, and Equipment, Less Accumulated Depreciation of \$10,849,121 and \$10,774,475, respectively	39,819,758	27,468,869
Total Noncurrent Assets	59,906,164	44,100,755
Total Assets	\$ 90,433,944	\$ 75,952,204

Continued.

Idaho Youth Ranch, Inc.
Statements of Financial Position

<i>June 30,</i>	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 5,358,217	\$ 2,287,445
Accrued Personnel Costs and Other Expenses	1,775,639	1,772,342
Deferred Revenue	1,488,720	716,839
Current Portion of Operating Lease Liabilities	1,374,458	-
Current Maturities of Finance Lease Liabilities	180,694	170,015
Current Maturities of Long-Term Debt	449,549	438,217
Total Current Liabilities	10,627,277	5,384,858
Noncurrent Liabilities		
Operating Lease Liabilities, Less Current Portion	2,903,463	-
Finance Lease Liabilities, Less Current Maturities	97,860	265,727
Long-Term Debt, Less Current Maturities	3,774,285	4,223,834
Interest in Life Estate	3,071,706	3,154,723
Total Noncurrent Liabilities	9,847,314	7,644,284
Total Liabilities	20,474,591	13,029,142
Commitments and Contingencies		
Net Assets		
Without Donor Restrictions	26,848,935	28,857,481
With Donor Restrictions:		
Restricted for Specified Purpose	36,055,964	27,062,754
Restricted by Donors to be Held in Perpetuity	7,054,454	7,002,827
Total With Donor Restrictions	43,110,418	34,065,581
Total Net Assets	69,959,353	62,923,062
Total Liabilities and Net Assets	\$ 90,433,944	\$ 75,952,204

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

Idaho Youth Ranch, Inc.

Statement of Activities

<i>Year Ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
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 Non-Financial Assets	6,140,298	196,130	6,336,428
Rent	83,145	-	83,145
Investment Earnings, Net	1,682,355	458,339	2,140,694
Miscellaneous Income	34,228	764	34,992
Net Assets Released from Restriction	1,991,940	(1,991,940)	-
Total Support and Revenue	34,350,618	9,044,837	43,395,455
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	23,961,438	-	23,961,438
Total Program Expenses	29,187,159	-	29,187,159
Supporting Services			
General and Administration	2,608,059	-	2,608,059
Fundraising	2,171,638	-	2,171,638
Total Supporting Services	4,779,697	-	4,779,697
Total Expenses	33,966,856	-	33,966,856
Net (Decrease) Increase in Net Assets			
Before Non-Operating Items	383,762	9,044,837	9,428,599
Non-Operating Items			
Insurance Proceeds	991,464	-	991,464
Non-operating Fire Loss	(3,383,772)	-	(3,383,772)
Total non-operating items	(2,392,308)	-	(2,392,308)
Net (Decrease) Increase in Net Assets	(2,008,546)	9,044,837	7,036,291
Net Assets - Beginning of Year	28,857,481	34,065,581	62,923,062
Net Assets - End of Year	\$ 26,848,935	\$ 43,110,418	\$ 69,959,353

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

Idaho Youth Ranch, Inc.

Statement of Activities

<i>Year Ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 3,446,338	\$ 4,129,066	\$ 7,575,404
Grants	200,000	803,030	1,003,030
Fundraising	484,354	6,916	491,270
Program Fees and Services	412,585	-	412,585
Social Enterprise	21,518,497	-	21,518,497
Contributions of Non-Financial Assets	5,586,792	295,001	5,881,793
Rent	73,697	-	73,697
Investment Earnings, Net	(2,468,365)	156,529	(2,311,836)
Loss on Sale of Assets	(4,071)	(14,548)	(18,619)
Miscellaneous Income	98,041	740	98,781
Net Assets Released from Restrictions	1,858,146	(1,858,146)	-
Total Support and Revenue	31,206,014	3,518,588	34,724,602
Expenses			
Program Services:			
Residential	2,983,722	-	2,983,722
Community Services	1,155,094	-	1,155,094
Workforce Development	133,589	-	133,589
Social Enterprises	23,163,001	-	23,163,001
Total Program Expenses	27,435,406	-	27,435,406
Supporting Services			
General and Administration	2,189,986	-	2,189,986
Fundraising	1,884,776	-	1,884,776
Total Supporting Services	4,074,762	-	4,074,762
Total Expenses	31,510,168	-	31,510,168
Net (Decrease) Increase in Net Assets	(304,154)	3,518,588	3,214,434
Net Assets - Beginning of Year	29,161,635	30,546,993	59,708,628
Net Assets - End of Year	\$ 28,857,481	\$ 34,065,581	\$ 62,923,062

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

Idaho Youth Ranch, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023	Program Services				Supporting Services		Total
	Residential	Community Services	Workforce Development	Social Enterprise	General and Administration	Fundraising	
Salaries and Wages	\$ 1,955,358	\$ 721,057	\$ 61,078	\$ 9,967,350	\$ 1,586,517	\$ 895,476	\$ 15,186,836
Temporary Labor	923	397	40	6,392	-	201	7,953
Payroll Taxes and Insurance	209,980	62,888	6,109	908,887	85,399	67,818	1,341,081
Employee Benefits	202,505	92,338	8,425	1,346,354	171,491	92,042	1,913,155
Employee Job Related	50,485	14,486	1,781	19,248	23,911	10,515	120,426
Employee Recruitment	59,591	2,156	-	1,424	1,132	6	64,309
Business Travel and Meals	51,650	16,145	881	40,160	31,067	13,762	153,665
Client Health	8,279	-	-	-	-	-	8,279
Animal Therapy	27,503	-	-	-	-	-	27,503
Other Client Therapy	2,159	1,194	60	-	-	-	3,413
Client Necessities	80,836	10,414	4,149	-	-	6	95,405
Scholarships	-	500	-	-	-	-	500
Trainee Stipends	-	-	28,090	-	-	-	28,090
Occupancy	11,099	329	9	1,246,039	11,557	696	1,269,729
Utilities	156,152	27,814	1,950	740,433	15,087	5,837	947,273
Repairs and Maintenance	78,985	37,679	1,465	637,509	9,755	4,124	769,517
Equipment Rent	2,475	2,238	59	523,625	7,449	8,838	544,684
Depreciation and Amortization	456,015	26,833	1,745	641,199	43,869	9,052	1,178,713
Professional Services	93,387	32,135	5,947	149,389	217,645	152,439	650,942
Advertising and Promotions	14,481	13,190	460	32,970	3,662	116,196	180,959
Special Events	5,475	-	-	-	-	569,178	574,653
Transportation Expense	21,379	2,055	1,098	239,857	13,463	594	278,446
General Supplies	318,392	85,802	9,362	778,345	84,227	89,019	1,365,147
Insurance	70,620	40,629	2,096	238,347	44,156	1,906	397,754
Credit Card and Bank Fees	847	1,247	49	336,840	5,021	63,814	407,818
Interest	592	76	8	83,429	249,850	2,600	336,555
Miscellaneous	16,315	3,231	299	18,563	2,801	67,519	108,728
Cost of Goods Sold - Purchased	-	-	-	1,155,862	-	-	1,155,862
Cost of Goods Sold - Donated Merchandise	-	-	-	4,674,972	-	-	4,674,972
Cost of Goods Sold - Other	245	-	-	174,244	-	-	174,489
Total	\$ 3,895,728	\$ 1,194,833	\$ 135,160	\$ 23,961,438	\$ 2,608,059	\$ 2,171,638	\$ 33,966,856

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

Idaho Youth Ranch, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022	Program Services				Supporting Services		Total
	Residential	Community Services	Workforce Development	Social Enterprise	General and Administration	Fundraising	
Salaries and Wages	\$ 1,388,278	\$ 692,185	\$ 75,950	\$ 8,516,775	\$ 1,352,058	\$ 753,229	\$ 12,778,475
Temporary Labor	23,819	11,505	1,616	373,610	14,482	-	425,032
Payroll Taxes and Insurance	154,925	71,403	7,887	784,494	113,865	57,853	1,190,427
Employee Benefits	141,093	86,958	10,965	1,146,960	134,545	61,717	1,582,238
Employee Job Related	56,847	24,436	2,607	47,075	25,466	9,641	166,072
Employee Recruitment	6,294	2,368	-	824	3,821	31,722	45,029
Business Travel and Meals	30,617	20,049	669	35,825	12,820	15,195	115,175
Client Health	3,890	29	-	-	-	-	3,919
Animal Therapy	28,614	-	-	-	-	-	28,614
Other Client Therapy	117	824	-	-	-	-	941
Client Necessities	34,245	5,950	698	-	-	3	40,896
Scholarships	-	9,000	-	-	-	-	9,000
Trainee Stipends	-	-	11,950	-	-	-	11,950
Occupancy	12,782	323	8	1,169,704	219	8	1,183,044
Utilities	101,563	24,623	1,588	678,410	25,389	4,456	836,029
Repairs and Maintenance	56,082	29,736	1,313	676,550	21,926	4,231	789,838
Equipment Rent	4,970	2,867	60	534,612	712	4,713	547,934
Depreciation and Amortization	445,287	24,527	1,828	688,922	43,268	6,957	1,210,789
Professional Services	142,240	44,567	4,924	102,479	230,797	119,512	644,519
Advertising and Promotions	146,803	7,343	294	34,462	19,920	127,914	336,736
Special Events	-	-	-	-	-	469,036	469,036
Transportation Expense	22,041	2,445	60	258,129	6,212	136	289,023
General Supplies	107,621	39,686	7,945	823,211	72,520	99,692	1,150,675
Insurance	63,397	33,517	2,915	182,374	45,730	2,260	330,193
Credit Card and Bank Fees	1,368	1,235	70	323,761	4,184	56,645	387,263
Interest	644	90	13	97,574	52,558	2,866	153,745
Miscellaneous	10,185	19,428	229	20,341	9,494	56,990	116,667
Cost of Goods Sold - Purchased	-	-	-	1,196,418	-	-	1,196,418
Cost of Goods Sold - Donated Merchandise	-	-	-	4,875,058	-	-	4,875,058
Cost of Goods Sold - Other	-	-	-	595,433	-	-	595,433
Total	\$ 2,983,722	\$ 1,155,094	\$ 133,589	\$ 23,163,001	\$ 2,189,986	\$ 1,884,776	\$ 31,510,168

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

Idaho Youth Ranch, Inc.

Statements of Cash Flows

<i>Year Ended June 30,</i>	2023	2022
Cash Flows from Operating Activities		
Net Increase in Net Assets	\$ 7,036,291	\$ 3,214,434
Adjustments to Reconcile Net Increase in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	1,178,713	1,210,789
Gain on Sale of Investments	(718,822)	(160,085)
Loss on Sale of Assets	-	18,619
Non-Cash Operating Lease Expense	38,430	-
Unrealized Loss (Gain) on Investments	(707,489)	2,972,956
Change in Liability for Interest in Life Estate	(83,017)	(82,360)
Noncash Contribution of Investments	(1,618,196)	(268,451)
(Increase) Decrease in Assets:		
Accounts Receivable	(61,432)	(50,539)
Grants Receivable	91,421	(83,374)
Pledges Receivable	2,345,299	1,339,621
Prepaid Expenses and Deposits	553,502	(547,303)
Inventory	(252,498)	(664,001)
Trust Receivables, Net	(86,128)	11,299
Increase (Decrease) in Liabilities:		
Accounts Payable	500,792	181,698
Accrued Personnel Costs and Other Expenses	137,919	144,495
Operating Lease Liability	(406,738)	-
Deferred Revenue	771,881	145,755
Net Cash Provided By Operating Activities	8,719,928	7,383,553
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(10,914,941)	(6,582,060)
Proceeds from Sale of Property and Equipment	110,857	-
Purchase of Investments	(1,280,415)	(5,599,826)
Proceeds from Sale of Investments	3,769,994	3,679,612
Net Cash Used By Financing Activities	(8,314,505)	(8,502,274)
Cash Flows from Financing Activities		
Principal Payments of Finance Leases	(157,188)	(163,854)
Principal Payments on Long-Term Debt	(438,217)	(427,091)
Net Cash Used By Financing Activities	(595,405)	(590,945)
Net Change In Cash and Cash Equivalents	(189,982)	(1,709,666)
Cash and Cash Equivalents - Beginning of Year	7,350,710	9,060,376
Cash and Cash Equivalents - End of Year	\$ 7,160,728	\$ 7,350,710

Continued.

Idaho Youth Ranch, Inc.

Statements of Cash Flows

<i>Year Ended June 30,</i>	2023	2022
Supplemental Disclosures of Cash Flows Information		
Cash Paid for Interest	\$ 336,555	\$ 154,226
Operating Right-of-Use Assets Exchanged for Lease Liabilities	\$ 4,550,037	\$ -
Noncash Contributions of Inventory and Other Items	\$ 23,670,244	\$ 25,512,551
<i>Non-cash investing activities:</i>		
Property and Equipment Purchases Accrued in Accounts Payable	\$ 2,569,980	\$ 1,653,567

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

Idaho Youth Ranch, Inc.

Notes to Financial Statements

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 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. Idaho Youth Ranch'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 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 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

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. 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.

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.

Idaho Youth Ranch, Inc.

Notes to Financial Statements

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).

The Organization maintains its cash deposits at various financial institutions which at times may exceed federally insured limits. At June 30, 2023, the Organization had cash balances in excess of federally insured limits of approximately \$6,558,000. At June 30, 2022, the Organization had cash balances in excess of federally insured limits of approximately \$6,485,000.

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, 2023 and 2022.

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. The Organization establishes a reserve for slow moving donated inventory to reflect an estimated net realizable value. As of June 30, 2023 and 2022, 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 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

Idaho Youth Ranch, Inc.

Notes to Financial Statements

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, 2023 and 2022, a net decrease of \$83,017 and \$82,630, 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 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 and Equipment	3 to 20 Years
Vehicles	3 to 10 Years

Depreciation and amortization expense for the year ended June 30, 2023 and 2022 was \$1,178,713 and \$1,210,789, 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 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.

Idaho Youth Ranch, Inc.

Notes to Financial Statements

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, 2023 and 2022.

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 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 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.

Leases

Lease Accounting - After Adoption of ASC 842

On July 1, 2022, the Organization adopted ASC No. 2016-02, *Leases: Topic 842* ("ASC 842") and all related amendments using the transition alternative method. See *New Accounting Pronouncements - Current Period Adoption* below, which discusses the initial adoption of this new standard.

The Organization 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, the Organization used the Organization'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.

Idaho Youth Ranch, Inc.

Notes to Financial Statements

The Organization elected the practical expedient related to treating lease and non-lease 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.

Lease Accounting - Prior to Adoption of ASC 842

For leases that contain rent escalations and rent abatement, the Organization records the total rent payable over the initial lease term on a straight-line basis over the life of the initial term. Any difference between minimum rent and straight-line rent is recorded as an accrued liability. The difference between actual rent payments and the straight-line basis was \$134,622 at June 30, 2022.

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 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.

Idaho Youth Ranch, Inc.

Notes to Financial Statements

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.

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>	2023	2022	2021
Deferred Revenue:			
Prepaid Gift Cards and Loyalty Program	\$ 415,337	\$ 443,340	\$ 459,079
Deferred Event Income	273,383	273,499	112,005
Other Deferred Items	800,000	-	-
Total	\$ 1,488,720	\$ 716,839	\$ 571,084

Idaho Youth Ranch, Inc.

Notes to Financial Statements

Contributed Nonfinancial Assets

The Organization adopted ASU 2020-07, *Presentation and disclosures by Not-for-profit entities for contributed nonfinancial assets*, which was effective for annual periods beginning after June 15, 2021. The update includes financial statement presentation and disclosure requirements for contributed nonfinancial assets received by not-for-profit entities (“NFP”). The ASU provides more transparency about the measurement and use of contributed nonfinancial assets recognized by NFPs.

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 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.

Liquidity

The Organization had financial assets available within one year as follows:

<i>Year Ended June 30,</i>	2023	2022
Cash and Cash Equivalents	\$ 7,160,728	\$ 7,035,710
Accounts Receivable	471,618	410,186
Grants Receivable	16,538	107,959
Current Portion of Pledges Receivable	1,502,403	2,894,526
Current Investments	18,353,433	17,775,276
Less: Donor Imposed Restrictions	(13,650,628)	(18,077,799)
Total	\$ 13,854,092	\$ 10,145,858

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 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

Idaho Youth Ranch, Inc.

Notes to Financial Statements

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 the Current Accounting Period

On July 1, 2022, the Organization adopted ASC 842 and all related amendments, using the transition alternative method applying the guidance to leases existing as of the effective date. The Organization elected the package of practical expedients upon adoption, which permitted the Organization to not reassess the Organization's prior conclusions about lease identifications, lease classification and initial direct costs. The adoption of ASC 842 resulted in the recognition of operating lease ROU assets and operating lease liabilities of \$4,248,917, in the Organization's statement of financial position. At date of adoption, there was a pre-existing liability for deferred rent of \$134,662 and no lease incentives to be reclassified to the operating lease ROU assets. The balance of finance leases recognized at adoption of ASC 842 were \$435,742. The Organization's net assets and operating results for reporting periods prior to July 1, 2022, have not been adjusted and continue to be presented in accordance with the accounting standard in effect at that time. The adoption of ASC 842 did not have a material impact on the Organization's change in net assets or cash flows and had no impact on net assets.

New Accounting Pronouncement Effective in Future Accounting Periods

In June 2016, the FASB issued ASU 2016-13 *Financial Instruments-Credit Losses (Topic 326)*, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. ASU 2016-13 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2022 and requires a cumulative effect adjustment to the balance sheet as of the beginning of the first reporting period in which the guidance is effective. The Company is currently evaluating the potential impact that adopting this standard will have on its financial statements.

3. 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 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

4. Pledges Receivable

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

Collection Period	Pledges Receivable	Discount	Net Pledges Receivable
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	\$ 2,899,947	\$ (16,661)	\$ 2,883,286

Pledges receivable from two 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 year ended June 30, 2023 represented more than 10% of total contribution revenue during the year.

Pledges Receivable consisted of the following as of June 30, 2022:

Collection Period	Pledges Receivable	Discount	Net Pledges Receivable
Within One Year	\$ 2,898,977	\$ (4,451)	\$ 2,894,526
Between One to Five Years	2,340,063	(6,004)	2,334,059
Total	\$ 5,239,040	\$ (10,455)	\$ 5,228,585

Pledges receivable from three individual donors represented approximately 41% of the total pledges receivable balance at June 30, 2022, each individually greater than 10%.

No contributions received during the year ended June 30, 2022 represented more than 10% of total contribution revenue during the year.

5. Fair Value of Investments

The following tables set forth by level with the fair value hierarchy, the Organization's assets and liabilities:

As of June 30, 2023	Level 1	Level 2	Level 3	Total
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	\$ 25,407,887	\$ -	\$ -	\$ 25,407,887

Idaho Youth Ranch, Inc.

Notes to Financial Statements

<i>As of June 30, 2022</i>	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds:				
Domestic Equity	\$ 8,126,465	\$ -	\$ -	\$ 8,126,465
Fixed Income	12,321,026	-	-	12,321,026
International Equity	4,330,612	-	-	4,330,612
Total Investments	\$ 24,778,103	\$ -	\$ -	\$ 24,778,103

6. Land, Buildings, and Equipment

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

<i>June 30,</i>	2023	2022
Land and Improvements	\$ 8,678,154	\$ 8,617,001
Buildings and Improvements	15,712,836	15,624,902
Furniture and Equipment	2,989,689	3,822,531
Vehicles	768,221	1,079,312
Loan Origination and Asset Acquisition Fees	114,643	114,643
Total	28,263,543	29,258,389
Less: Accumulated Depreciation and Amortization	(10,849,121)	(10,774,475)
Total	17,414,422	18,483,914
Construction in Progress	22,405,336	8,984,955
Total	\$ 39,819,758	\$ 27,468,869

The Organization's construction in progress pertained to various projects, all of which are estimated to be completed in the near term.

7. 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, 2023.

The Organization made payments to annuitants and recorded related expenses in the amount of \$15,217 and \$15,417 for the years ended June 30, 2023 and 2022, respectively.

Idaho Youth Ranch, Inc.

Notes to Financial Statements

8. Notes Payable

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

<i>June 30,</i>	2023	2022
Idaho Central Credit Union; Monthly payments of \$31,769, including interest at 2.75% ; maturing March 2031; collateralized by real property and buildings	\$ 2,658,083	\$ 2,961,663
Private party; annual payments of \$160,000, including interest at 2.50% ; maturing May 2034; collateralized by Idaho Youth Land Reserve	1,522,273	1,641,242
Private party; monthly payments of \$1,306, noninterest bearing; maturing February 2026; collateralized by real property and buildings	43,478	59,146
Total	4,223,834	4,662,051
Less: Current Maturities	449,549	438,217
Long- Term Debt, Less Current Maturities	\$ 3,774,285	\$ 4,223,834

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, 2023:

<i>Year Ended June 30,</i>	Amount
2024	\$ 449,549
2025	461,472
2026	469,916
2027	470,156
2028	482,831
Thereafter	1,889,910
Total	\$ 4,223,834

9. Line of Credit

The Organization entered into a revolving line of credit with Wells Fargo on April 15, 2022, 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 on April 30, 2023, with all unpaid sums due at that time. The Organization renewed this agreement on May 23, 2023. Under the new agreement, the line of credit accrues interest at a rate of the Daily Simple FORF plus 2.50% and is due on a monthly basis. The renewed line of credit expires May 31, 2024. No other terms of the previous agreement changed. The line of credit is secured by inventory, accounts receivable, and equipment of the Organization. The outstanding balance as of June 30, 2023 and 2022 was \$0.

Idaho Youth Ranch, Inc.

Notes to Financial Statements

10. Leases

Operating Leases

The Organization has entered into several leases for thrift store, warehouse, and program services space. The leases require monthly rental payments and have various commencement and expiration dates through December 2029.

The Organization's lease expense is as follows:

<i>For the Year Ended June 30,</i>	2023
Amortization of financial lease ROU assets	\$ 13,494
Interest of finance lease liabilities	1,152
Total finance lease expense	14,646
Operating lease expense	156,892
Short term lease expense	544,684
Total lease expense	\$ 716,222

The classification of the Organization's lease expense is as follows:

<i>For the Year Ended June 30,</i>	2023
Lease expense - program expenses	\$ 680,950
Lease expense - general and administrative	25,116
Lease expense - fundraising	10,156
Total lease expense	\$ 716,222

The maturity analysis of the operating and finance lease liabilities as of June 30, 2023 is as follows:

<i>For the Year Ended June 30, 2023</i>	Operating Leases	Finance Leases
2024	\$ 1,521,764	\$ 189,996
2025	1,196,286	92,098
2026	910,884	3,314
2027	608,374	3,314
2028	189,797	1,381
Thereafter	180,000	-
Total minimum lease payments	4,607,105	290,103
Less: lease payments representing interest	(329,184)	(11,549)
Net present value of lease liabilities	4,277,921	278,554
Less: current portion	(1,374,458)	(180,694)
Lease liability, net of current portion	\$ 2,903,463	\$ 97,860

Idaho Youth Ranch, Inc.

Notes to Financial Statements

The following summarizes the weighted-average remaining lease term and weighted average discount rate on long-term operating leases:

<i>As of June 30,</i>	2023
Weighted-average remaining lease term (in years)	3.2
Weighted-average discount rate	4.21%

The following provides supplemental cash flow information for operating and finance leases:

<i>For the Year Ended June 30,</i>	2023
Cash paid for amounts included in the measure of lease liabilities:	
Operating cash flow from operating leases	\$ 128,352
Finance cash flow from operating leases	\$ 15,833

Minimum future rental payments for the long-term operating leases under the previous lease standard (ASC 840) are as follows:

<i>Year Ending June 30,</i>	Amount
2023	\$ 1,172,899
2024	1,205,316
2025	1,021,303
2026	866,225
2027	576,468
Thereafter	363,119
Total	\$ 5,205,330

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

Idaho Youth Ranch, Inc.

Notes to Financial Statements

11. Funds with Donor Restrictions

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

<i>June 30,</i>	2023	2022
Subject to Expenditure for Specified Purpose:		
Restricted for Scholarships	\$ 650,137	\$ 524,662
Restricted for Life Estate	729,028	646,011
Restricted for Capital Campaign	34,541,393	25,842,952
Restricted for Specific Programs	135,406	49,129
Total	36,055,964	27,062,754
Restricted by Donors to be Held in Perpetuity:		
Restricted for General Endowment	4,209,327	4,180,700
Restricted for Scholarships	929,376	919,376
Restricted for Specific Programs	1,915,751	1,902,751
Total	7,054,454	7,002,827
Total Net Assets with Donor Restrictions	\$ 43,110,418	\$ 34,065,581

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>	2023	2022
Satisfaction of Purpose Restrictions:		
Restricted for Scholarships	\$ 2,500	\$ 9,000
Restricted for Capital Campaign	633,839	627,626
Restricted for Specific Programs	1,355,601	1,221,520
Total	\$ 1,991,940	\$ 1,858,146

12. Non-financial Contributed Assets

The Organization receives various forms of non-financial 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.

Idaho Youth Ranch, Inc.

Notes to Financial Statements

The Organization's GIK consist of:

<i>Year Ended June 30,</i>	2023	2022
Clothing and household goods	\$ 5,691,406	\$ 4,438,253
Books and publications	106,773	692,386
Vehicles	316,777	321,051
Collectables	154,854	288,337
Other	3,018	141,766
Total	\$ 6,272,828	\$ 5,881,793

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.

Idaho Youth Ranch, Inc.

Notes to Financial Statements

(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.

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

<i>Year Ended June 30, 2023</i>	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	\$ -	\$ 650,137	\$ 7,054,454	\$ 7,704,591

<i>Year Ended June 30, 2022</i>	Board Designated	Donor Restricted for Specified Purpose	Restricted by Donors to be Held in Perpetuity	Total
Beginning of Year Balance	\$ -	\$ 673,062	\$ 6,771,060	\$ 7,444,122
Contributions	-	2,000	231,767	233,767
Investment Income	-	(143,400)	-	(143,400)
Appropriated for Expenditures	-	(7,000)	-	(7,000)
End of Year Balance	\$ -	\$ 524,662	\$ 7,002,827	\$ 7,527,489

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, 2023 or 2022.

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

Idaho Youth Ranch, Inc.

Notes to Financial Statements

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 are eligible to participate in the salary reduction arrangement in the Plan upon being hired. 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 \$220,889 and \$189,237 for the years ended June 30, 2023 and 2022, respectively.

15. Related Party Transactions

During the years ended June 30, 2023 and 2022, the Organization received contributions of \$53,414 and \$205,052, respectively, from board members.

16. Commitments and Contingencies

Legal Proceedings

The Organization currently has no significant lawsuits, actions, or other legal proceedings pending claims. However, the Organization could, from time to time, be involved in litigation proceedings arising out of its normal course of business.

17. Subsequent Events

The Organization has evaluated subsequent events through November 27, 2023, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements, other than those described below.