

IDAHO YOUTH RANCH, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024



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**IDAHO YOUTH RANCH, INC.
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JUNE 30, 2025 AND 2024**

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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, 2025, and the related statements of activities and changes in net assets, 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, 2025 and 2024, and the results of changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IYR's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

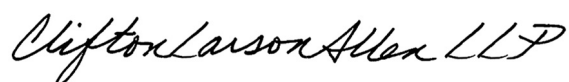
Auditors' Responsibilities for the Audit of the Financial Statements

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 13, 2025

IDAHO YOUTH RANCH, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 414,830	\$ 1,225,322
Accounts Receivable	1,631,968	1,276,155
Pledges Receivable, Net, Current Portion	932,811	981,579
Donated Assets Held for Investment	14,700	14,700
Prepaid Expenses and Deposits	201,721	210,317
Investments, Current Portion	24,765,494	17,290,451
Inventory	3,059,893	2,368,343
Trust Receivables, Net	365,090	355,229
Total Current Assets	31,386,507	23,722,096
NONCURRENT ASSETS		
Operating Leases Right-of-Use Assets, Less Accumulated Amortization of \$3,373,205 and \$2,184,553 in 2025 and 2024, respectively	2,201,005	3,389,657
Finance Leases Right-of-Use Assets, Less Accumulated Amortization of \$380,239 and \$435,762 in 2025 and 2024, respectively	1,857,388	1,289,912
Idaho Youth Land Reserve	7,295,000	7,295,000
Investments, Less Current Portion	9,401,392	7,218,340
Pledges Receivable, Net, Less Current Portion	431,981	654,490
Land, Buildings, and Equipment, Less Accumulated Depreciation of \$12,830,007 and \$12,546,149 in 2025 and 2024, respectively	44,359,653	42,660,842
Total Noncurrent Assets	65,546,419	62,508,241
Total Assets	\$ 96,932,926	\$ 86,230,337

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2025 AND 2024

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 461,066	\$ 456,967
Accrued Personnel Costs and Other Expenses	1,504,929	1,318,682
Deferred Revenue	655,961	1,378,417
Current Maturities of Operating Lease Liabilities	1,016,838	1,244,039
Current Maturities of Finance Lease Liabilities	279,571	249,826
Current Maturities of Long-Term Debt	469,915	461,468
Total Current Liabilities	4,388,280	5,109,399
NONCURRENT LIABILITIES		
Operating Lease Liabilities, Less Current Maturities	1,302,336	2,297,629
Finance Lease Liabilities, Less Current Maturities	1,656,217	1,078,169
Long-Term Debt, Less Current Maturities	2,842,898	3,312,817
Interest in Life Estate	2,903,264	2,987,813
Total Noncurrent Liabilities	8,704,715	9,676,428
Total Liabilities	13,092,995	14,785,827
NET ASSETS		
Without Donor Restrictions	71,646,219	58,464,718
With Donor Restrictions:		
Restricted for Specified Purpose	2,792,318	5,761,452
Restricted by Donors to be Held in Perpetuity	9,401,394	7,218,340
Total With Donor Restrictions	12,193,712	12,979,792
Total Net Assets	83,839,931	71,444,510
Total Liabilities and Net Assets	\$ 96,932,926	\$ 86,230,337

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Social Enterprise	\$ 22,169,633	\$ -	\$ 22,169,633
Contributions of Nonfinancial Assets	6,795,783	196,911	6,992,694
Program Fees and Services	5,368,872	-	5,368,872
Contributions	3,502,485	863,194	4,365,679
Net Investment Income	2,853,844	547,798	3,401,642
Grants	97,468	921,553	1,019,021
Special Events	468,385	-	468,385
Rent	81,924	-	81,924
Miscellaneous Income	24,621	1,995	26,616
Loss on Sale of Assets, Net	(10,655)	-	(10,655)
Net Assets Released from Restriction	3,317,531	(3,317,531)	-
Total Support and Revenue	44,669,891	(786,080)	43,883,811
EXPENSES			
Program Services:			
Residential	9,640,068	-	9,640,068
Community Services	1,477,528	-	1,477,528
Workforce Development	213,436	-	213,436
Social Enterprise	26,588,338	-	26,588,338
Total Program Expenses	37,919,370	-	37,919,370
Supporting Services:			
General and Administration	3,783,230	-	3,783,230
Fundraising	2,085,790	-	2,085,790
Total Supporting Services	5,869,020	-	5,869,020
Total Expenses	43,788,390	-	43,788,390
NET INCREASE (DECREASE) IN NET ASSETS BEFORE NONOPERATING ITEMS	881,501	(786,080)	95,421
NONOPERATING ITEMS			
Insurance Proceeds	12,300,000	-	12,300,000
Total Nonoperating Items	12,300,000	-	12,300,000
NET INCREASE (DECREASE) IN NET ASSETS	13,181,501	(786,080)	12,395,421
Net Assets - Beginning of Year	58,464,718	12,979,792	71,444,510
NET ASSETS - END OF YEAR	\$ 71,646,219	\$ 12,193,712	\$ 83,839,931

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Social Enterprise	\$ 20,705,234	\$ -	\$ 20,705,234
Contributions of Nonfinancial Assets	5,383,990	470,983	5,854,973
Contributions	3,503,766	1,981,282	5,485,048
Net Investment Income (Loss)	3,250,353	(212,877)	3,037,476
Grants	83,207	1,507,984	1,591,191
Program Fees and Services	1,590,036	-	1,590,036
Special Events	391,509	-	391,509
Rent	81,268	-	81,268
Miscellaneous Income	39,672	29,285	68,957
Gain (Loss) on Sale of Assets, Net	(15,769)	5,533	(10,236)
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 Enterprise	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 INCREASE (DECREASE) 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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Program Services					Support Services			2024 Total
	Residential	Community	Workforce	Social	Total Program Services	General and		Total	
		Services	Development	Enterprise		Administration	Fundraising		
Salaries and Wages	\$ 4,807,587	\$ 909,611	\$ 80,692	\$ 10,535,399	\$ 16,333,289	\$ 2,012,717	\$ 787,461	\$ 19,133,467	\$ 17,587,380
COGS Donated Merchandise	-	-	-	6,009,329	6,009,329	-	-	6,009,329	5,279,392
Employee Benefits	549,609	123,738	13,370	1,674,329	2,361,046	147,291	86,324	2,594,661	2,307,200
Professional Services	684,196	60,572	3,114	65,441	813,323	1,051,527	163,202	2,028,052	1,168,231
Depreciation and Amortization	1,140,180	25,046	1,269	648,889	1,815,384	52,421	6,812	1,874,617	1,765,151
Payroll Tax and Insurance	478,196	82,096	8,681	953,401	1,522,374	153,144	60,948	1,736,466	1,592,000
General Supplies	364,184	77,356	18,773	657,469	1,117,782	151,151	100,298	1,369,231	1,800,227
Occupancy	12,133	395	7	1,319,590	1,332,125	939	38	1,333,102	1,280,948
Utilities	300,989	30,046	1,681	790,591	1,123,307	12,666	13,367	1,149,340	1,045,326
Purchase for Resale Inventory	-	-	-	1,022,022	1,022,022	-	-	1,022,022	1,084,285
Repairs and Maintenance	95,483	52,807	1,352	716,794	866,436	13,251	8,779	888,466	760,571
Rent Equipment and Lease Expense	218,368	6,674	272	408,796	634,110	9,491	25,612	669,213	724,960
Client Necessities	536,052	14,281	5,245	-	555,578	-	-	555,578	383,200
Special Events	-	-	-	-	-	-	532,441	532,441	401,144
Insurance	121,323	22,796	1,547	322,464	468,130	57,728	5,583	531,441	493,441
Credit Card and Bank Fees	10,553	4,925	156	429,574	445,208	2,047	55,880	503,135	445,570
COGS Other	-	-	-	424,973	424,973	-	-	424,973	559,663
Transport Travel Repairs	23,018	1,337	2,469	259,145	285,969	10,256	785	297,010	256,925
Interest Expense	2,825	96	11	185,001	187,933	41,346	261	229,540	175,255
Advertising and Promotion	5,186	10,772	280	47,059	63,297	7,875	158,150	229,322	216,323
Employee Job Related	79,420	18,739	4,618	51,075	153,852	13,902	12,728	180,482	189,364
Business Travel and Meals	33,405	13,157	5,248	34,119	85,929	40,616	14,096	140,641	115,480
Miscellaneous	13,880	13,584	319	21,458	49,241	819	52,949	103,009	387,447
Employee Recruitment	65,947	434	44	1,764	68,189	4,043	76	72,308	53,560
Trainee Stipends	-	-	64,085	-	64,085	-	-	64,085	62,215
Animal Therapy	51,873	40	-	-	51,913	-	-	51,913	31,345
Client Health	43,045	4,012	153	-	47,210	-	-	47,210	28,146
Temporary Labor	-	-	-	9,656	9,656	-	-	9,656	24,429
Other Client Therapy	2,616	2,014	50	-	4,680	-	-	4,680	2,683
Scholarships	-	3,000	-	-	3,000	-	-	3,000	2,500
Total	\$ 9,640,068	\$ 1,477,528	\$ 213,436	\$ 26,588,338	\$ 37,919,370	\$ 3,783,230	\$ 2,085,790	\$ 43,788,390	\$ 40,224,361

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

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

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Increase in Net Assets	\$ 12,395,421	\$ 1,485,157
Adjustments to Reconcile Net Increase in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,874,617	1,765,151
Realized Loss on Sale of Investments	587	37,599
Unrealized Gain on Investments	(2,638,809)	(2,147,238)
Noncash Contributions of Investments	(98,299)	(431,548)
Noncash Operating Lease Expense	378,623	266,496
Loss on Sale of Assets	10,655	10,236
Change in Liability for Interest in Life Estate	(84,549)	(83,893)
Credit Loss	33,542	18,082
(Increase) Decrease in Assets:		
Accounts Receivable	(389,355)	(822,619)
Grants Receivable	-	16,538
Pledges Receivable	271,277	1,247,217
Prepaid Expenses and Deposits	8,596	(21,787)
Inventory	(691,550)	115,125
Trust Receivables, Net	(9,861)	(18,866)
Operating Leases Right-of-Use Assets	1,188,652	733,895
Increase (Decrease) in Liabilities:		
Accounts Payable	4,099	(4,901,250)
Accrued Personnel Costs and Other Expenses	186,247	(456,957)
Deferred Revenue	(722,456)	(110,303)
Operating Lease Liabilities	(1,222,494)	(736,253)
Net Cash Provided (Used) by Operating Activities	10,494,943	(4,035,218)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(10,807,792)	(230,139)
Proceeds from Sale of Investments	3,886,218	3,670,421
Purchase of Property and Equipment	(3,713,064)	(4,639,349)
Proceeds from Sale of Property and Equipment	128,981	22,878
Net Cash Used by Investing Activities	(10,505,657)	(1,176,189)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Finance Leases	(338,306)	(274,450)
Principal Payments on Long-Term Debt	(461,472)	(449,549)
Net Cash Used by Financing Activities	(799,778)	(723,999)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(810,492)	(5,935,406)
Cash and Cash Equivalents - Beginning of Year	1,225,322	7,160,728
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 414,830	\$ 1,225,322

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 230,060	\$ 175,862
Finance Right-of-Use Assets Exchanged for Lease Liabilities	\$ 905,782	\$ 1,316,924
Operating Right-of-Use Assets Exchanged for Lease Liabilities	\$ 22,157	\$ 776,255
Noncash Contributions of Inventory and Other Items	\$ 6,992,694	\$ 5,854,973

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 Hays House, 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 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.

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.

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 with 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.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 ORGANIZATION (CONTINUED)

Programs and Services (Continued)

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.

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.

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, 2025 AND 2024

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 and changes in net assets as net assets released from restrictions.

IYR reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. IYR reports conditional contributions restricted by donors simultaneously in the reporting period.

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, 2025, IYR had cash balances in excess of federally insured limits of approximately \$250,000.

Accounts Receivable and Allowance for Credit Loss

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 receivable is reduced by an allowance for credit losses based on historical loss information based on aging of receivables as the basis to determine expected credit losses for 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. IYR separates accounts receivable into risk pools based on their aging. In determining the amount of allowance as of the statement of financial position date, IYR writes off receivables that are not expected to be collectible after ninety days. A loss rate is developed for each risk category based on aging.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Loss (Continued)

Management believes the composition of receivables at year-end is consistent with historical conditions such as credit terms and practices and the customer base has not changed significantly. This loss rate is based on management's expectations about current and future economic conditions. Management believes this method provides a proper recognition of the credit loss 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, 2025 and 2024.

IYR's contract assets at June 30, consisted of:

	2025	2024	2023
Contract Assets:			
Accounts Receivable	\$ 1,365,312	\$ 801,489	\$ 187,968

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.

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.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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, 2025 and 2024.

Investment Valuation and Income Recognition

IYR's investment purchases, or if donated, 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. Net investment income/(loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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.

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.

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, 2025 and 2024, management determined a reserve was not necessary.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

IYR determines if an arrangement is a lease at inception of a contract. For leases with an initial term of greater than 12 months, a related lease liability is recorded on the statements of financial position at the present value of future lease payments over the lease term. As most of IYR'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 statements of financial position. Short-term lease expense is recognized on a straight-line basis over the lease term.

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. Effective June 20, 2025, IYR implemented a new capitalization threshold of \$10,000. 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 years ended June 30, 2025 and 2024, was \$1,874,617 and \$1,765,151, respectively.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$2,903,264. 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, 2025 and 2024, a net decrease of \$84,549 and \$83,893, respectively, was recorded to the liability for Interest in Life Estate and resulted in a corresponding increase in contributions with donor restrictions.

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 and Revenue Recognition

IYR recognizes revenue from program fees and services and rental revenue when the performance obligations of transferring the products and providing the services are met. Social Enterprise sales are recognized at the time of purchase. Gift cards are recorded as deferred revenue until used and the revenue is earned.

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.

Social Enterprise

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 been transferred to customers.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

Social Enterprise (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

Gift cards sold and loyalty points earned are recorded as deferred revenue until used and the revenue is earned.

Program Fees and Services

A portion of IYR's program fees and services 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, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

Rent

IYR recognizes rental revenue from leasing arrangements to third-party tenants over time as the tenants occupy the space and services are rendered in an amount that reflects the consideration which IYR expects to receive in exchange for those goods.

Contributions and Grants

IYR recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met and are recorded to deferred revenue 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.

Consequently, at June 30, 2025, contributions approximating \$655,961 respectively, have not been recognized in the accompanying statement of activities and changes in net assets because the condition(s) on which they depend has not yet been met. Of the total conditional contributions, \$470,916 depend on the use of the gift cards and loyalty program. In addition, \$185,045 of contributions depend on an event taking place, which is scheduled to take place the following fiscal year.

IYR's contract liabilities at June 30, consisted of:

	2025	2024	2023
Deferred Revenue:			
Prepaid Gift Cards and Loyalty Program	\$ 470,916	\$ 447,243	\$ 415,338
Deferred Event Income	185,045	131,174	273,382
Other Deferred Items	-	800,000	800,000
	\$ 655,961	\$ 1,378,417	\$ 1,488,720
Total			

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 deferred revenue in the statements of financial position. IYR received cost reimbursable grants of \$1,549,837 and \$21,000 that have not been recognized at June 30, 2025, because qualifying expenditures have not yet been incurred. No amounts have been received in advance under our federal and state contracts and grants.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

Contributions and Grants (Continued)

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.

Contributions of Non-Financial Assets

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.

Special Events

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. IYR recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. IYR recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. Revenues for ticket sales that are refundable are deferred until the event occurs.

Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities and changes in net assets 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, 2025 and 2024, was \$229,322 and \$216,323, respectively, and is included in the statements of functional expenses.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Financial Instruments and Credit Risk

IYR manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, IYR has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, IYR believes that the investment policies and guidelines are prudent for the long-term welfare of IYR.

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 13, 2025, which is the date the financial statements were available to be issued and has determined that other than the events mentioned in Note 16, there are no other subsequent events that require disclosure.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following for the years ended June 30:

	2025	2024
Cash and Cash Equivalents	\$ 414,830	\$ 1,225,322
Investments, Current Portion	24,765,494	17,290,451
Accounts Receivable	1,631,968	1,276,155
Pledges Receivable, Net, Current Portion	932,811	981,579
Less: Donor Imposed Restrictions	(83,948)	(5,483,967)
Total	\$ 27,661,155	\$ 15,289,540

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).

NOTE 4 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.

NOTE 5 PLEDGES RECEIVABLE

Pledges Receivable consisted of the following as of June 30, 2025:

Collection Period	Pledges Receivable	Discount	Net Pledges Receivable
Within One Year	\$ 933,470	\$ (659)	\$ 932,811
Between Two to Five Years	434,000	(2,019)	431,981
Total	\$ 1,367,470	\$ (2,678)	\$ 1,364,792

Pledges receivable from three individual donors represented approximately 69% of the total pledges receivable balance at June 30, 2025, each individually greater than 10%.

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

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

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 PLEDGES RECEIVABLE (CONTINUED)

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

No contributions received during the years ended June 30, 2025 and 2024, represented more than 10% of total contribution revenue during the years.

NOTE 6 FAIR VALUE OF INVESTMENTS

All of IYR's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values.

The following table set forth by level with the fair value hierarchy as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds:				
Domestic Equity	\$ 14,126,628	\$ -	\$ -	\$ 14,126,628
Fixed Income	12,165,318	-	-	12,165,318
International Equity	7,874,940	-	-	7,874,940
Total Investments	<u>\$ 34,166,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,166,886</u>

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

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds:				
Domestic Equity	\$ 11,905,957	\$ -	\$ -	\$ 11,905,957
Fixed Income	9,429,728	-	-	9,429,728
International Equity	3,173,106	-	-	3,173,106
Total Investments	<u>\$ 24,508,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,508,791</u>

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

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

	2025	2024
Interest and Dividends	\$ 829,404	\$ 969,644
Realized Losses	(587)	(37,599)
Unrealized Gains	2,638,809	2,147,238
Less: Investment Expenses	<u>(65,984)</u>	<u>(41,807)</u>
Total Net Investment Income	<u>\$ 3,401,642</u>	<u>\$ 3,037,476</u>

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 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 March 2032. 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:

	<u>2025</u>	<u>2024</u>
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 338,306	\$ 274,450
Interest on Lease Liabilities	134,480	68,518
Total Finance Lease Expense	<u>472,786</u>	<u>342,968</u>
Operating Lease Cost	1,373,692	1,487,645
Variable Lease Expense	324,458	292,160
Sublease Income	(80,923)	(73,997)
Total Lease Expense	<u>\$ 2,090,013</u>	<u>\$ 2,048,776</u>

Other Information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:

Operating Cash Flows from Operating Leases	\$ 1,452,348	\$ 1,504,790
Finance Cash Flows from Finance Leases	\$ 297,989	\$ 267,492
Finance Cash Flows from Operating Leases	\$ 134,480	\$ 68,518

Right-of-Use Assets Obtained in the Exchange for Lease Liabilities:

Finance Leases	\$ 905,782	\$ 1,316,924
Operating Leases	\$ 22,157	\$ 776,255

Weighted-Average Remaining Lease Term:

Finance Leases	5.82 Years	5.90 Years
Operating Leases	2.75 Years	3.36 Years

Weighted-Average Implicit Discount Rate - Finance Leases

8.49%	8.27%
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Weighted-Average Implicit Discount Rate - Operating Leases

5.37%	5.04%
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The maturity analysis of the operating and finance lease liabilities as of June 30, 2025:

<u>Year Ended June 30,</u>	<u>Finance Leases</u>	<u>Operating Leases</u>	<u>Totals</u>
2026	\$ 430,076	\$ 1,253,058	\$ 1,683,134
2027	430,076	739,047	1,169,123
2028	427,942	320,442	748,384
2029	395,495	182,426	577,921
2030	394,062	-	394,062
Thereafter	366,116	-	366,116
Total Minimum Lease Payments	<u>2,443,767</u>	<u>2,494,973</u>	<u>4,938,740</u>
Less: Lease Payments Representing Interest	(507,979)	(175,799)	(683,778)
Net Present Value of Lease Liabilities	<u>\$ 1,935,788</u>	<u>\$ 2,319,174</u>	<u>\$ 4,254,962</u>

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 LEASES (CONTINUED)

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, 2025:

	Finance Leases	Operating Leases	Totals
Short-Term Lease Liabilities	\$ 279,571	\$ 1,016,838	\$ 1,296,409
Long-Term Lease Liabilities	1,656,217	1,302,336	2,958,553
Total Lease Liabilities	\$ 1,935,788	\$ 2,319,174	\$ 4,254,962

NOTE 8 LAND, BUILDINGS, AND EQUIPMENT

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

	2025	2024
Land and Improvements	\$ 8,659,510	\$ 8,678,155
Buildings and Improvements	41,190,591	41,709,693
Furniture and Equipment	2,803,158	3,613,931
Vehicles	1,545,492	813,084
Loan Origination and Asset Acquisition Fees	114,643	114,643
Total	54,313,394	54,929,506
Less: Accumulated Depreciation and Amortization	(12,830,007)	(12,546,149)
Total	41,483,387	42,383,357
Construction in Progress	2,876,266	277,485
Total	\$ 44,359,653	\$ 42,660,842

NOTE 9 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 August 2025, and subsequent to year end, IYR renewed this agreement through August 30, 2026, with all unpaid sums due at that time (see Note 16). Under the new agreement, the line of credit accrues interest at a rate of the Daily Simple SOFR plus 3.25% 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 were no outstanding balances as of June 30, 2025 and 2024.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 NOTES PAYABLE

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

	2025	2024
Idaho Central Credit Union; monthly payments of \$31,769, including interest at 2.75%; maturing March 2031; collateralized by real property and buildings	\$ 2,025,333	\$ 2,346,145
Private party; annual payments of \$160,000, including interest at 2.50%; maturing May 2034; collateralized by Idaho Youth Land Reserve	1,275,338	1,400,330
Private party; monthly payments of \$1,306, noninterest bearing; maturing April 2026; collateralized by real property and buildings	12,142	27,810
Total	3,312,813	3,774,285
Less: Current Maturities	(469,915)	(461,468)
Long-Term Debt, Less Current Maturities	\$ 2,842,898	\$ 3,312,817

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
2026	\$ 469,915
2027	470,156
2028	482,790
2029	495,938
2030	509,355
Thereafter	884,659
Total	\$ 3,312,813

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 FUNDS WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose:		
Restricted for Scholarships	\$ 1,032,922	\$ 817,198
Restricted for Life Estate	897,470	812,921
Restricted for Capital Campaign	807,926	4,084,251
Restricted for Specific Programs	<u>54,000</u>	<u>47,082</u>
Total	2,792,318	5,761,452
Restricted by Donors to be Held in Perpetuity:		
Restricted for General Endowment	4,310,402	4,245,992
Restricted for Scholarships	939,376	939,376
Restricted for Specific Programs	<u>4,151,616</u>	<u>2,032,972</u>
Total	<u>9,401,394</u>	<u>7,218,340</u>
Total Net Assets with Donor Restrictions	<u>\$ 12,193,712</u>	<u>\$ 12,979,792</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>2025</u>	<u>2024</u>
Satisfaction of Purpose Restrictions:		
Restricted for Scholarships	\$ 3,000	\$ 2,500
Restricted for Capital Campaign	3,314,531	33,817,034
Restricted for Specific Programs	<u>-</u>	<u>93,282</u>
Total	<u>\$ 3,317,531</u>	<u>\$ 33,912,816</u>

NOTE 12 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.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 12 ENDOWMENTS (CONTINUED)

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.

Following are the changes in endowment net assets for the fiscal year ended June 30, 2025:

	Donor Restricted for Specified Purpose	Restricted by Donors to be Held in Perpetuity	Total
Beginning of Year Balance	\$ 817,198	\$ 7,218,340	\$ 8,035,538
Contributions	-	2,179,410	2,179,410
Investment Income	218,724	3,642	222,366
Appropriated for Expenditures	(3,000)	-	(3,000)
End of Year Balance	<u>\$ 1,032,922</u>	<u>\$ 9,401,392</u>	<u>\$ 10,434,314</u>

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 12 ENDOWMENTS (CONTINUED)

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

	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>\$ 817,198</u>	<u>\$ 7,218,340</u>	<u>\$ 8,035,538</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, 2025 and 2024.

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).

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 13 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 determines the fair value of GIK from published industry standard valuation guides. GIK with a readily determinable market value, or those intended for internal use by IYR (such as equipment and supplies) are recorded at their market value at the date of donation.

IDAHO YOUTH RANCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 NONFINANCIAL CONTRIBUTED ASSETS (CONTINUED)

GIK without a readily determinable market value, are recorded as revenue at the estimated net realizable value, which is based on historical sales estimates, and average values per pound as guided by the fair values from published industry standard valuation guides at the date of donation.

IYR's GIK consisted of the following as of June 30:

	2025	2024
Clothing and Household Goods	\$ 5,542,994	\$ 4,310,064
Books and Publications	517,151	646,424
Vehicles	416,875	237,079
Collectables	413,225	229,632
Stocks	98,299	431,548
Other	4,150	226
Total	\$ 6,992,694	\$ 5,854,973

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 \$262,224 and \$226,544 for the years ended June 30, 2025 and 2024, respectively, and is included in employee benefits in the statements of functional expenses.

NOTE 15 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2025 and 2024, IYR received contributions of \$86,682 and \$225,097, respectively, from board members.

NOTE 16 SUBSEQUENT EVENT

On August 21, 2025, IYR renewed their line of credit for \$2,000,000 through August 30, 2026.



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