

October 30, 2023

Board of Directors  
Palmer Home for Children and  
Mississippi Sheriffs' Boys and Girls Ranch, Inc.  
Columbus, Mississippi

Enclosed is one copy of the combined financial statements and independent auditors' report of Palmer Home for Children and Mississippi Sheriffs' Boys and Girls Ranch, Inc., as of June 30, 2023 and 2022. If you have any questions regarding this report, please do not hesitate to contact us.

Very truly yours,

*T. E. Lott & Company*

**COLUMBUS**

221 Seventh St. North  
P. O. Box 471  
Columbus, MS 39703-0471  
Tel: 662.328.5387  
Fax: 662.329.4993

**STARKVILLE**

106 B South Washington St.  
P. O. Box 80282  
Starkville, MS 39759-0282  
Tel: 662.323.1234  
Fax: 662.323.1284

**TUSCALOOSA**

6834 Hwy. 69 South  
Tuscaloosa, AL 35405  
Tel: 205.759.4195  
Fax: 205.759.1018

**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

**COMBINED FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2023 AND 2022**

**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1 - 2
Combined Statements of Financial Position	3 - 4
Combined Statements of Activities	5 - 6
Combined Statements of Functional Expenses	7
Combined Statements of Cash Flows	8
Notes to Combined Financial Statements	9 - 27

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Palmer Home for Children and  
Mississippi Sheriffs' Boys and Girls Ranch, Inc.  
Columbus, Mississippi

### Opinion

We have audited the accompanying combined financial statements of Palmer Home for Children (Home) and Mississippi Sheriffs' Boys and Girls Ranch, Inc. (Ranch) (both not-for-profit organizations), which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Palmer Home for Children and Mississippi Sheriffs' Boys and Girls Ranch, Inc. as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Home and Ranch, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

#### COLUMBUS

221 Seventh St. North  
P. O. Box 471  
Columbus, MS 39703-0471  
Tel: 662.328.5387  
Fax: 662.329.4993

#### STARKVILLE

106 B South Washington St.  
P. O. Box 80282  
Starkville, MS 39759-0282  
Tel: 662.323.1234  
Fax: 662.323.1284

#### TUSCALOOSA

6834 Hwy. 69 South  
Tuscaloosa, AL 35405  
Tel: 205.759.4195  
Fax: 205.759.1018

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Home and Ranch'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Home and Ranch'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.

*T.E. Lott & Company*

Columbus, Mississippi  
September 28, 2023

**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

3

**COMBINED STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2023 AND 2022**

<i><b>ASSETS</b></i>	<u>2023</u>	<u>2022</u>
<i><b>CURRENT ASSETS</b></i>		
Cash and cash equivalents	\$ 1,689,326	\$ 1,583,356
Cash - restricted	122,911	330,617
Contributions and accounts receivable, net	216,190	502,933
Prepaid expenses	<u>17,392</u>	<u>14,737</u>
Total current assets	2,045,819	2,431,643
 <i><b>NONCURRENT ASSETS</b></i>		
Contributions receivable	260,473	414,000
Cash value of life insurance	42,317	36,748
Right of use assets - operating leases	941,561	-
Long-term investments	14,372,091	12,925,567
Land, buildings, and equipment, net of accumulated depreciation	<u>13,926,315</u>	<u>14,045,227</u>
Total noncurrent assets	<u>29,542,757</u>	<u>27,421,542</u>
 Total Assets	 <u>\$ 31,588,576</u>	 <u>\$ 29,853,185</u>

The accompanying notes are an integral part of these statements.

**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

4

**COMBINED STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2023 AND 2022**

***LIABILITIES AND NET ASSETS***

	<u>2023</u>	<u>2022</u>
<b><i>CURRENT LIABILITIES</i></b>		
Accounts payable and accrued liabilities	\$ 193,427	\$ 109,079
Annuity obligations	44,067	40,063
Operating lease liabilities - current portion	262,701	-
Accrued compensated absences	<u>24,630</u>	<u>24,630</u>
Total current liabilities	524,825	173,772
<b><i>NONCURRENT LIABILITIES</i></b>		
Annuity obligations	138,821	152,450
Operating lease liabilities - less current portion	681,304	-
Children's savings payable	<u>57,414</u>	<u>48,652</u>
	<u>877,539</u>	<u>201,102</u>
Total liabilities	1,402,364	374,874
<b><i>NET ASSETS</i></b>		
Without donor restrictions	18,876,925	18,650,570
With donor restrictions	<u>11,309,287</u>	<u>10,827,741</u>
Total net assets	<u>30,186,212</u>	<u>29,478,311</u>
Total Liabilities and Net Assets	<u>\$ 31,588,576</u>	<u>\$ 29,853,185</u>

The accompanying notes are an integral part of these statements.

**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

5

**COMBINED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Totals	
	2023	2022	2023	2022	2023	2022
<b><i>PUBLIC SUPPORT</i></b>						
Churches/church groups	\$ 371,276	\$ 413,613	\$ -	\$ -	\$ 371,276	\$ 413,613
Individuals	1,983,125	1,986,635	1,703	1,483,406	1,984,828	3,470,041
Estates/trusts	394,860	244,870	-	-	394,860	244,870
Foundations	580,487	377,696	-	85,037	580,487	462,733
Businesses	1,450,966	1,225,060	-	274,430	1,450,966	1,499,490
Special events, net	544,002	306,837	-	-	544,002	306,837
Gifts in-kind:						
Services	<u>363,951</u>	<u>314,048</u>	<u>-</u>	<u>-</u>	<u>363,951</u>	<u>314,048</u>
Total public support	5,688,667	4,868,759	1,703	1,842,873	5,690,370	6,711,632
<b><i>OTHER REVENUES (LOSSES)</i></b>						
Interest and dividends	28,799	6,797	63,419	65,679	92,218	72,476
Unrealized gains (losses)	206,201	(240,089)	751,468	(1,720,417)	957,669	(1,960,506)
Gains (losses) on sale of investments and property and equipment, net	189,807	(4,315)	8,917	1,046	198,724	(3,269)
Other	140,417	1,005,826	-	-	140,417	1,005,826
Social Security/Child support	20,727	11,588	-	-	20,727	11,588
Auxiliary (net of related expenses of \$1,660,565)	<u>63,422</u>	<u>435,378</u>	<u>-</u>	<u>-</u>	<u>63,422</u>	<u>435,378</u>
Total other revenues (losses)	649,373	1,215,185	823,804	(1,653,692)	1,473,177	(438,507)
<b><i>NET ASSETS RELEASED FROM RESTRICTIONS</i></b>						
Satisfaction of restrictions	<u>343,961</u>	<u>3,612,961</u>	<u>(343,961)</u>	<u>(3,612,961)</u>	<u>-</u>	<u>-</u>
Total support, other revenues, and assets released from restrictions	\$ 6,682,001	\$ 9,696,905	\$ 481,546	\$ (3,423,780)	\$ 7,163,547	\$ 6,273,125

The accompanying notes are an integral part of these statements.



**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

6

**COMBINED STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Totals	
	<b>2023</b>	2022	<b>2023</b>	2022	<b>2023</b>	2022
Total support, other revenues, and assets released from restrictions (brought forward)	\$ 6,682,001	\$ 9,696,905	\$ 481,546	\$ (3,423,780)	\$ 7,163,547	\$ 6,273,125
<b>EXPENSES</b>						
Program services	4,205,157	3,854,357	-	-	4,205,157	3,854,357
Support services:						
Administrative	1,019,798	990,964	-	-	1,019,798	990,964
Fund raising	1,230,691	1,156,478	-	-	1,230,691	1,156,478
Total support services	2,250,489	2,147,442	-	-	2,250,489	2,147,442
Total expenses	6,455,646	6,001,799	-	-	6,455,646	6,001,799
Increase (decrease) in net assets	226,355	3,695,106	481,546	(3,423,780)	707,901	271,326
Net assets, beginning of year	18,650,570	14,955,464	10,827,741	14,251,521	29,478,311	29,206,985
Net assets, end of year	\$ 18,876,925	\$ 18,650,570	\$ 11,309,287	\$ 10,827,741	\$ 30,186,212	\$ 29,478,311

The accompanying notes are an integral part of these statements.

**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

7

**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	Net Assets Without Donor Restrictions		Net Assets With Restrictions		Totals	
	2023	2022	2023	2022	2023	2022
<b>PROGRAM SERVICES</b>						
Salaries	\$ 1,398,673	\$ 1,323,128	\$ -	\$ -	\$ 1,398,673	\$ 1,323,128
Payroll related	225,274	195,914	-	-	225,274	195,914
Healthcare - staff	229,792	211,281	-	-	229,792	211,281
Education	47,476	42,511	-	-	47,476	42,511
Food	211,977	195,161	-	-	211,977	195,161
Healthcare - child	92,004	111,639	-	-	92,004	111,639
Clothing	32,834	32,479	-	-	32,834	32,479
Transportation	304,262	279,411	-	-	304,262	279,411
Housing	289,559	295,721	-	-	289,559	295,721
General child welfare	716,066	536,907	-	-	716,066	536,907
General child welfare in-kind	299,692	300,248	-	-	299,692	300,248
Depreciation and amortization	357,548	329,957	-	-	357,548	329,957
Total program services	<b>4,205,157</b>	3,854,357	-	-	<b>4,205,157</b>	3,854,357
<b>SUPPORT SERVICES</b>						
Administrative:						
Salaries	425,997	479,833	-	-	425,997	479,833
Payroll related	82,252	92,192	-	-	82,252	92,192
Healthcare - staff	34,991	34,891	-	-	34,991	34,891
Equipment	13,062	15,547	-	-	13,062	15,547
General insurance	15,476	11,505	-	-	15,476	11,505
Other	75,911	79,191	-	-	75,911	79,191
Travel and meals	24,979	42,452	-	-	24,979	42,452
Depreciation and amortization	3,059	3,609	-	-	3,059	3,609
Professional and other fees	344,071	231,744	-	-	344,071	231,744
Total administrative	<b>1,019,798</b>	990,964	-	-	<b>1,019,798</b>	990,964
Fund raising:						
Salaries	708,980	635,950	-	-	708,980	635,950
Payroll-related	109,495	89,340	-	-	109,495	89,340
Healthcare - staff	81,316	74,670	-	-	81,316	74,670
Marketing	77,058	84,545	-	-	77,058	84,545
Travel and meals	23,411	67,330	-	-	23,411	67,330
Equipment	24,371	30,463	-	-	24,371	30,463
General insurance	35,292	27,965	-	-	35,292	27,965
Other	165,473	131,294	-	-	165,473	131,294
Professional and other fees	5,295	14,921	-	-	5,295	14,921
Total fund raising	<b>1,230,691</b>	1,156,478	-	-	<b>1,230,691</b>	1,156,478
Total support services	<b>2,250,489</b>	2,147,442	-	-	<b>2,250,489</b>	2,147,442
Total expenses	<b>\$ 6,455,646</b>	<b>\$ 6,001,799</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,455,646</b>	<b>\$ 6,001,799</b>

The accompanying notes are an integral part of these statements.

**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

8

**COMBINED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES</i></b>		
Change in net assets	\$ 707,901	\$ 271,326
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	361,447	333,566
Paycheck Protection Program Grant Income	-	(539,300)
(Increase) decrease in receivables	440,270	(831,554)
(Increase) decrease in prepaid expenses	(2,655)	1,493
(Increase) decrease in cash value of life insurance	(5,569)	7,170
Contribution of investment securities	(58,954)	(352,223)
Unrealized (gains) losses on long-term investments	(957,669)	1,960,506
Increase (decrease) in accounts payable and accrued liabilities	84,348	(330,719)
Increase (decrease) in accrued compensated absences	-	(758)
Decrease in annuity obligations	(9,625)	(10,132)
(Gains) losses on sale of investments	(10,161)	4,169
Gains on sale of property and equipment	(188,696)	(900)
Increase (decrease) in children's savings payable	8,762	(6,913)
Net cash provided by operating activities	369,399	505,731
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>		
Purchase of investments	(632,493)	(113,544)
Purchase of land, buildings, and equipment	(217,048)	(6,279,182)
Proceeds from sale of investments	182,510	574,642
Proceeds from sale of property and equipment	195,896	900
Net cash used in investing activities	(471,135)	(5,817,184)
Net decrease in cash, cash equivalents and restricted cash	(101,736)	(5,311,453)
Cash, cash equivalents and restricted cash, beginning of year	1,913,973	7,225,426
Cash, cash equivalents and restricted cash, end of year	\$ 1,812,237	\$ 1,913,973
<b><i>Supplemental disclosures of cash flow information:</i></b>		
Cash paid during the year for:		
Interest	\$ -	\$ -
Non-cash activities:		
Right of use assets and lease liabilities	1,159,960	-

The accompanying notes are an integral part of these statements.

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

***DESCRIPTION OF ORGANIZATIONS***

Palmer Home for Children (Home) and Mississippi Sheriffs' Boys and Girls Ranch, Inc. (Ranch) (the Organizations) are both not-for-profit organizations located in Columbus, Mississippi. Both entities' principal programs include residential care, foster home care, counseling individuals and families, and adoption of children in selected individual cases. The Whole Child Initiative, Palmer Home's approach to care, emphasizes child development by focusing on four components: physical development, emotional healing, educational support, and spiritual growth. They also conduct a program of public information and awareness, encouraging Christian family values and presenting other issues of importance to the general public at large. The Home also oversees a ministry of Christian caregivers who provide temporary, and sometimes long-term, care for children of mothers who are incarcerated or unable to care for their children; this ministry is referred to as Jonah's Journey.

The Home and Ranch are exempt from income tax under Section 501(c)(3) of the U. S. Internal Revenue Code and comparable state laws, and contributions to them are tax deductible within the limitations prescribed by the Code.

On April 26, 2005, the members of the Boards of Directors of the Home and Ranch adopted resolutions transferring control of the Ranch to the members of the Board of Directors of the Home. The purpose of the transfer was to further advance the mission of the Ranch, enabling it to achieve its founding vision while further enhancing the program offerings of the Home. Accordingly, in connection with the transfer, the parties agreed to combine the accounts of the Ranch with the Home as of January 1, 2006.

***NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant accounting policies followed and described below are presented to enhance the usefulness of the combined financial statements to the reader.

***1. Basis of Presentation***

The financial statements of the Home and Ranch have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide). (ASC) 958-205 was effective January 1, 2018, and requires the Home and Ranch to report information regarding their financial position and activities according to the following net asset classifications:

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

*NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* (Continued)

*1. Basis of Presentation* (Continued)

**Net assets without donor restrictions (unrestricted):** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the Board of Directors.

**Net assets with donor restrictions (restricted):** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Home and Ranch or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

*2. Contributions*

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. A contribution that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction, referred to herein as a temporary restriction, is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

*3. Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Home and Ranch consider all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

*NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* (Continued)

**4. Investments**

The Home and Ranch carry investments in common stock and mutual funds with readily determinable fair values and all investments in equity securities at fair value based on quoted prices in active markets. Unrealized gains and losses are included in the Combined Statements of Activities as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Investments received by gift are stated at market value as of the date the gift is received. The cost of investments sold is determined by the specific identification method.

It is the Home's and Ranch's policy that all interest, dividends and realized gains from investments that are not otherwise restricted for use by donor-imposed restrictions are available for use in the operations of the Home and Ranch at the discretion of the Board of Directors.

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value.

The guidance describes three levels of inputs that may be used to measure fair value:

*Level 1* - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

*Level 2* - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

*Level 3* - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

See Note B for the investment classification detail.

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

***NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

***5. Land, Buildings, and Equipment***

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Home and Ranch report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Home and Ranch reclassify temporarily restricted net assets to unrestricted net assets at that time.

All land, buildings, and equipment recorded as of July 1, 1993, when the Home adopted the policy of capitalization, were recorded based on the use value method as established by a professional appraiser. Estimated total accumulated depreciation was applied against total buildings and equipment for prior years' depreciation.

All other land, buildings, and equipment purchased by the Home (since July 1, 1993) and Ranch are recorded at cost. Buildings and improvements are being depreciated over estimated useful lives of 20-30 years, while equipment and automobiles are being depreciated over estimated useful lives of 5-10 years. All buildings and equipment are being depreciated using the straight-line method.

***6. Donations of Materials and Services***

Only those donated materials and services that the Home and Ranch normally would have purchased are recorded in the financial statements at their estimated value on the date of receipt. Materials and services are recorded as gifts in-kind in the revenues section and expensed or capitalized, accordingly.

***7. Combination Policy***

The accompanying combined financial statements include the accounts of Palmer Home for Children and Mississippi Sheriffs' Boys and Girls Ranch, Inc., both of which are under common control. Inter-entity transactions and balances have been eliminated in the combination.

***8. Subsequent Events***

Management has evaluated subsequent events on these financial statements through September 28, 2023, the date the financial statements were available to be issued, and is not aware of any material subsequent events.

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**9. Revenue From Contracts With Customers**

The Organizations recognize revenue from the thrift stores as auxiliary income on the statements of activities. Thrift store revenue is recognized at the point in time that the goods are transferred to the customer. For the years ended June 30, 2023 and 2022, the Organizations had revenue from contracts with customers in the amount of \$1,723,988 and \$1,807,601, respectively. There are no contract receivables for the years ended June 30, 2023 and 2022.

**10. Right of Use Assets and Lease Liabilities**

The Organizations recognize operating lease right of use assets and related lease liabilities for leases other than those considered to be short-term. The Organizations do not recognize short-term operating leases on the statement of financial position. A short-term operating lease has an original term of 12 months or less and does not have a purchase option that is likely to be exercised.

**11. Adoption of Accounting Standards Update**

*Accounting Standards Update 2016-02*

During the year ended June 30, 2023, the Organizations adopted FASB ASU 2016-02 *Leases (Topic 842)* and subsequent amendments, thereto, which supersedes the leasing guidance of Topic 840. The most significant change in the new lease guidance is the requirement to recognize right of use assets and lease liabilities for leases on the statement of financial position. Accordingly, an operating right of use asset of \$1,159,764 and lease liability of \$1,159,960 were recognized as of July 1, 2022.

*Accounting Standards Update 2020-07*

On July 1, 2022, the Organizations adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirement around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received.



**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE B - INVESTMENTS**

Investments are presented in the financial statements at fair market value. The breakdown of the various investments was as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Adjusted Cost</u>	<u>Market Value</u>	<u>Adjusted Cost</u>	<u>Market Value</u>
<i>Level I</i>				
<i>Common Stocks:</i>				
Southern Royalty Company	\$ -	\$ -	\$ 1,400	\$ 1,400
<i>Ameriprise Financial:</i>				
Charitable remainder trusts	742,268	789,209	898,333	712,136
Duncan Williams	465,483	481,797	311,278	258,078
Gerber/Taylor	2,508,189	2,666,296	2,528,704	1,518,354
<i>Other</i> <sup>(1)</sup>				
Create, Inc.	24,130	25,365	24,130	24,130
Gerber/Taylor	<u>9,674,352</u>	<u>10,409,424</u>	<u>11,122,228</u>	<u>10,411,469</u>
Total Investments	<u>\$13,414,422</u>	<u>\$14,372,091</u>	<u>\$14,886,073</u>	<u>\$12,925,567</u>

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE B - INVESTMENTS** (Continued)

<sup>(1)</sup> Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The Home's and Ranch's investments as shown above had unrealized gains (losses) of \$957,669 and \$(1,960,506) at June 30, 2023 and 2022, respectively.

**NOTE C - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE D - CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of June 30, 2023 and 2022, consisted of the following:

	<b>2023</b>	2022
Amounts due in less than one year	<b>\$ 208,000</b>	\$ 216,919
Amounts due in one to five years	<b>276,000</b>	414,000
Amounts due in more than five years	-	-
Total	<b>484,000</b>	630,919
Discount to net present value at 3.25%	<b>(15,527)</b>	(29,611)
Contributions receivable	<b>\$ 468,473</b>	\$ 601,308

Net contributions receivable as of July 1, 2021, amounted to \$82,706.

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

***NOTE E - LAND, BUILDINGS, AND EQUIPMENT***

Land, buildings, and equipment at June 30, 2023 and 2022, consisted of the following:

	<b>2023</b>	<b>2022</b>
Land	<b>\$ 1,436,288</b>	\$ 1,380,693
Buildings	<b>16,470,792</b>	16,371,792
Equipment and automobiles	<b><u>1,137,051</u></b>	<u>1,074,599</u>
	<b>19,044,131</b>	18,827,084
Less accumulated depreciation	<b><u>5,117,816</u></b>	<u>4,781,857</u>
	<b><u>\$13,926,315</u></b>	<b><u>\$14,045,227</u></b>

***NOTE F - NOTES PAYABLE AND LONG-TERM DEBT***

On May 4, 2020, the Home received loan proceeds in the amount of \$717,600, under the Paycheck Protection Program (“PPP”). Subsequent to the first loan on April 12, 2022, the Home received loan proceeds of \$539,300 under the PPP. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Home used the entire loan amount for qualifying expenses.

The Home was notified on January 15, 2022, by the Small Business Administration (SBA) that the first loan had been fully forgiven under the provisions of the PPP program. The Home was again notified on November 16, 2022, that the second loan was fully forgiven. The Home has adopted FASB ASC 958-605-55 and, in accordance with ASC, the PPP proceeds were recognized and treated as a conditional contribution. Since the conditional contribution terms were met in the same period the contribution was received, the Home has recognized the contribution as Other Income in the Statement of Activities as an increase in net assets without donor restrictions.

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

***NOTE G - UNRESTRICTED NET ASSETS, OPERATING***

Unrestricted net assets available for operating purposes at June 30, 2023 and 2022, consisted of the following:

	<b>2023</b>	2022
Cash and cash equivalents	\$ 1,689,326	\$ 1,583,356
Accounts receivable	8,190	319,391
Prepaid items	17,392	14,737
Right of use assets	941,561	-
Cash value of life insurance	42,317	36,748
Long-term investments	1,407,512	922,989
Accounts payable and accrued liabilities	(193,427)	(109,079)
Accrued compensated absences	(24,630)	(24,630)
Operating lease obligations	(944,005)	-
	<b>\$ 2,944,236</b>	<b>\$ 2,743,512</b>

It is the policy of the Home and Ranch to combine the cash of unrestricted and restricted funds in several bank accounts. During the year, the unrestricted operating fund expended cash for operating purposes from the temporarily restricted funds. At June 30, 2023, no amount was due to restricted funds from unrestricted funds.

***NOTE H - UNRESTRICTED NET ASSETS, BOARD DESIGNATED***

Unrestricted net assets, which the Board has designated at June 30, 2023 and 2022, consisted of the following:

	<b>2023</b>	2022
Long-term investments	\$ 2,016,162	\$ 1,871,621
Land	381,400	381,400
	<b>\$ 2,397,562</b>	<b>\$ 2,253,021</b>

**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

18

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

***NOTE I - UNRESTRICTED, PERMANENT NET ASSETS***

Permanent net assets at June 30, 2023 and 2022, consisted of the following:

	<b>2023</b>	<b>2022</b>
Computer software	\$ 96,503	\$ 96,503
Land	1,045,098	989,503
Buildings	16,470,792	16,371,792
Equipment and automobiles	<u>1,137,051</u>	<u>1,074,599</u>
	<b>18,749,444</b>	<b>18,532,397</b>
Less: Accumulated depreciation	(5,117,816)	(4,781,857)
Accumulated amortization	<u>(96,503)</u>	<u>(96,503)</u>
	<b><u>\$13,535,125</u></b>	<b><u>\$13,654,037</u></b>

***NOTE J - DONOR TEMPORARILY RESTRICTED NET ASSETS***

Temporarily restricted net assets at June 30, 2023 and 2022, consisted of the following:

	<b>2023</b>	<b>2022</b>
Cash	\$ 122,911	\$ 330,617
Contributions receivable	468,473	597,542
Investments	789,207	712,136
Annuity obligations	(182,888)	(192,513)
Children's savings	<u>(57,414)</u>	<u>(48,652)</u>
	<b><u>\$ 1,140,289</u></b>	<b><u>\$ 1,399,130</u></b>

***NOTE K - DONOR PERMANENTLY RESTRICTED NET ASSETS***

Permanently restricted net assets are principally scholarship endowment and general endowment monies and consisted of the following at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Long-term investments:		
General Endowment:		
Ashford	\$ 382,307	\$ 354,899
Brock	3,581,132	3,316,440
Furr	439,098	407,619

**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

19

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE K- DONOR PERMANENTLY RESTRICTED NET ASSETS** (Continued)

	<b>2023</b>	<b>2022</b>
General Endowment: (Continued)		
Church	\$ 65,804	\$ 61,086
Hailey	130,555	121,192
Huff	140,886	130,786
McAllister	195,133	181,143
Overcash and general	18,757	17,413
Radescich	172,015	159,683
Radescich - general	197,000	182,877
Winters	395,206	366,873
Wagoner	407,428	378,219
Knox	565,218	524,697
McElroy	47,801	44,374
Sunderwirth	19,309	17,924
Francis	46,323	43,002
Faulkner	146,089	135,614
Community Foundations	<u>25,365</u>	<u>24,130</u>
	<u><b>6,975,426</b></u>	<u><b>6,467,974</b></u>
Scholarship Endowment:		
Ballard	778,879	719,056
Barrar	202,640	188,112
Barton	48,718	45,225
Beaufait	57,867	53,718
Bennett	170,401	158,185
Cockerham	12,578	11,676
Colwick	162,713	151,048
Farnham	14,074	13,065
Hutchinson	262,883	244,037
Kinard	33,790	31,368
McPhail	195,022	181,041
Revell	548,541	509,216
Ruby Life	23,314	21,642
Stringer	379,302	352,110
Via	5,099	4,734
Yancey	<u>297,751</u>	<u>276,404</u>
	<u><b>3,193,572</b></u>	<u><b>2,960,637</b></u>
	<u><b>\$10,168,998</b></u>	<u><b>\$ 9,428,611</b></u>

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

***NOTE K - DONOR PERMANENTLY RESTRICTED NET ASSETS*** (Continued)

The assets are permanently restricted by the donors; therefore, no principal may be expended. Earnings from these assets may only be used for designated purposes.

***NOTE L - CONCENTRATION OF CREDIT RISK***

The Home and Ranch maintain their cash balances in several financial institutions located in the Southeast which, at times, may exceed federally insured limits. At June 30, 2023, the Home and Ranch had cash deposits at one institution, which exceeded the FDIC insurance limit by \$1,178,012. The Home and Ranch have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk on cash and cash equivalents.

***NOTE M - USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS***

Management of the Home and Ranch uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

***NOTE N - CLASSIFICATION OF EXPENSES***

In accordance with ASC Subtopic 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, the statements of activities report expenses as decreases in unrestricted net assets.

Net assets previously recorded as restricted are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Accordingly, these expenses are then classified as unrestricted.

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

***NOTE O - RETIREMENT PLAN***

The Home and Ranch sponsor a retirement plan that covers all employees with a minimum of six months employment and 1,000 hours. Contributions to the plan are based on a dollar-for-dollar match up to 7% of compensation. Contributions are made on a monthly basis. For the years ended June 30, 2023 and 2022, the amount of retirement expense was \$74,338 and \$91,278, respectively.

***NOTE P - OPERATING LEASES***

The Home leases real estate used in its thrift store operations under operating leases expiring in various years through 2026. Also, the Home leases automobiles under leases that expire in 2024.

***NOTE Q - DONOR RESTRICTED ENDOWMENT FUND NET ASSETS***

The Home's endowments consist of individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.



**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE Q - DONOR RESTRICTED ENDOWMENT FUND NET ASSETS** (Continued)

***Interpretation of Relevant Law***

In November 2009, the Home and Ranch adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as its rule for managing its endowment funds. The UPMIFA, which replaces the earlier Uniform Management of Institutional Funds Act (UMIFA), mirrors the Uniform Prudent Investor Act and adopts a common standard of prudence as the primary test for endowment fund investment management. Specifically, the UPMIFA requires that managers “shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.” In keeping with the new management standard, the UPMIFA revises the rules for endowment spending, specifically eliminating the former requirement that managers not spend below the historic dollar value of the fund (the fair market value as of the date of the gift plus the fair market value of any subsequent additions to the fund). However, for classification purposes, the Home still maintains its accounting practices under UMIFA. Accordingly, the Home and Ranch classify as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. 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 Organizations in a manner consistent with the standard prescribed by the UMIFA. The Home and Ranch consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund (2) the purposes of the Organizations and the donor-restricted endowment fund (3) the general economic conditions (4) the possible effect of inflation and deflation (5) the expected return from income and the appreciation of investments (6) the investment policies of the Organizations (7) other resources of the Home and Ranch.

Endowment Net Asset Composition by Fund Type as of June 30, 2023 and 2022:

	<u>Permanently Restricted</u>	<u>Total</u>
<b><i>June 30, 2023:</i></b>		
<b>Donor-restricted endowment funds</b>	<b><u>\$10,168,998</u></b>	<b><u>\$10,168,998</u></b>
<b><i>June 30, 2022:</i></b>		
Donor-restricted endowment funds	<u>\$ 9,428,611</u>	<u>\$ 9,428,611</u>

**PALMER HOME FOR CHILDREN AND  
MISSISSIPPI SHERIFFS' BOYS AND GIRLS RANCH, INC.**

23

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE Q - ENDOWMENT FUND NET ASSETS** (Continued)

Changes in endowment net assets for the years ended June 30, 2023 and 2022:

	<u>Permanently Restricted</u>	<u>Total</u>
<i>June 30, 2023:</i>		
Endowment net assets, beginning of year	\$ 9,428,611	\$ 9,428,611
Investment income (net of fees)	34,624	34,624
Unrealized appreciation	705,763	705,796
Contributions	-	-
Expenditures	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 10,168,998</u>	<u>\$ 10,168,998</u>
<i>June 30, 2022:</i>		
Endowment net assets, beginning of year	\$ 10,955,651	\$ 10,955,651
Investment income (net of fees)	7,180	7,180
Unrealized depreciation	(1,534,220)	(1,534,220)
Contributions	-	-
Expenditures	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 9,428,611</u>	<u>\$ 9,428,611</u>

Description of assets classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets:

	<u>2023</u>	<u>2022</u>
<i>Permanently Restricted Net Assets</i>		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	<u>\$ 10,168,998</u>	<u>\$ 9,428,611</u>
Total endowment funds classified as Permanently Restricted Net Assets	<u>\$ 10,168,998</u>	<u>\$ 9,428,611</u>

***Spending Policy***

The Home and Ranch have a policy of appropriating available amounts for distribution up to the reasonable percentage yield on investments as approved by the Board, consistent with individual fund performance.

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE Q - ENDOWMENT FUND NET ASSETS** (Continued)

***Return Objectives and Risk Parameters***

The Home and Ranch have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by their endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organizations must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S & P 500 index, while assuming a moderate level of investment risk.

***Strategies Employed for Achieving Objectives***

To satisfy their long-term rate of return objectives, the Home and Ranch rely on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Home and Ranch target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve their long-term return objectives with prudent risk constraints.

**NOTE R - INCOME TAX STATUS**

ASC Topic 740, *Income Taxes*, provides guidance on financial statement recognition and measurement of tax positions taken, or expected to be taken, in tax returns. ASC Topic 740 requires an evaluation of tax positions to determine if the tax positions will more likely than not be sustainable upon examination by the appropriate tax authority. The Organizations, at June 30, 2023, had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Each of the Organizations files an annual Form 990 with the Internal Revenue Service, and their tax returns for the year 2020 and subsequent years remain subject to examination by tax authorities.

**NOTE S - LIQUIDITY AND AVAILABLE RESOURCES**

Home's and Ranch's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ 1,812,237
Investments	14,372,091
Pledges and accounts receivable, net	461,331
Prepaid expenses	17,392
Cash value of life insurance	42,317
Less restricted cash	(122,911)
Less restricted contribution receivables	(453,141)
Less restricted investments	<u>(10,958,207)</u>
	<u>\$ 5,171,109</u>

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

***NOTE S - LIQUIDITY AND AVAILABLE RESOURCES*** (Continued)

Home's and Ranch's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date and amounts set aside for long-term investing in endowments.

Home's and Ranch's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

As part of Home's and Ranch's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Home and Ranch invest cash in excess of daily requirements in short-term investments.

***NOTE T - CASH RECONCILIATION***

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

Cash and cash equivalents	\$ 1,689,326
Restricted cash included in assets restricted to investment in land, buildings, and equipment	<u>122,911</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 1,812,237</u>

Assets restricted to investment in land, buildings, and equipment on the statement of financial position include restricted cash received with a donor-imposed restriction that limits use of that cash to long-term purposes.

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

***NOTE U - LEASES***

On July 1, 2022, the Company applied ASC Topic 842 *Leases* which required the recognition of certain operating leases on the statement of financial position sheet as lease operating right of use assets and related operating lease liabilities. The Company, in accordance with ASC Topic 842 *Leases*, has elected not to restate 2022. See Note A – Summary of Significant Accounting Policies.

The Company enters into leases in the normal course of business. Total lease expense for the year ended June 30, 2023, was \$394,742. The lease expense and relevant information regarding right of use assets for the year ended June 30, 2023, are as follows:

	2023
Statement of activities accounts:	
Lease expense	\$ 394,742
Statement of financial position accounts:	
Operating right of use assets	941,561
Operating lease liabilities	944,005
Right of use assets acquired by issuance of operating lease liabilities	1,159,960
Weighted average discount rate	3.76%
Weighted average term remaining in years	6.2
Lease cost:	
Operating lease cost	\$ 265,731
Short-term lease cost	129,011
	<b>\$ 394,742</b>

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

***NOTE U – LEASES*** (Continued)

Future minimum operating lease payments and reconciliation to the statement of financial position at June 30, 2023 are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 262,701
2025	215,746
2026	176,003
2027	141,941
2028	<u>255,000</u>
Total future lease payments	1,051,391
Less: discount on cash flows	<u>(107,386)</u>
Total operating lease liability	<u>\$ 944,005</u>