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

COMBINED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2021 AND 2020

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

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INDEPENDENT AUDITORS' REPORT

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

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, 2021 and 2020, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Home's and Ranch's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Home's and Ranch's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Palmer Home for Children and Mississippi Sheriffs' Boys and Girls Ranch, Inc., as of June 30, 2021 and 2020, 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.

T. E. Lott & Company

Columbus, Mississippi
September 20, 2021

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

COMBINED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS	**2021**	2020
CURRENT ASSETS		
Cash and cash equivalents	**$ 4,602,146**	$ 3,474,143
Cash - restricted	**2,623,280**	2,670,103
Contributions and accounts receivable, net	**56,989**	79,725
Prepaid expenses	**16,230**	26,509
Total current assets	**7,298,645**	6,250,480
NONCURRENT ASSETS		
Contributions receivable	**28,390**	68,795
Cash value of life insurance	**43,918**	31,548
Long-term investments	**14,999,117**	11,190,743
Land, buildings, and equipment, net of accumulated depreciation	**8,099,611**	7,201,043
Total noncurrent assets	**23,171,036**	18,492,129
Total Assets	**$ 30,469,681**	$ 24,742,609

The accompanying notes are an integral part of these statements.

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

COMBINED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

LIABILITIES AND NET ASSETS	**2021**	2020
CURRENT LIABILITIES		
Current maturities of long-term debt	**$ 123,437**	$ 274,185
Accounts payable and accrued liabilities	**439,798**	170,072
Annuity obligations	**40,063**	40,063
Accrued compensated absences	**25,388**	13,614
Total current liabilities	**628,686**	497,934
NONCURRENT LIABILITIES		
Long-term debt, less current maturities	**415,863**	443,415
Annuity obligations	**162,582**	173,248
Children's savings payable	**55,565**	24,825
	634,010	641,488
Total liabilities	**1,262,696**	1,139,422
NET ASSETS		
Without donor restrictions	**14,955,464**	13,098,059
With donor restrictions	**14,251,521**	10,505,128
Total net assets	**29,206,985**	23,603,187
Total Liabilities and Net Assets	**$ 30,469,681**	$ 24,742,609

The accompanying notes are an integral part of these statements.

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

COMBINED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Totals	
	2021	2020	**2021**	2020	**2021**	2020
PUBLIC SUPPORT						
Churches/church groups	**$ 427,668**	$ 463,432	**$ -**	$ -	**$ 427,668**	$ 463,432
Individuals	**1,917,108**	2,144,220	**1,404,264**	476,333	**3,321,372**	2,620,553
Estates/trusts	**337,439**	1,157,531	**-**	-	**337,439**	1,157,531
Foundations	**392,026**	1,059,449	**481,325**	42,025	**873,351**	1,101,474
Businesses	**904,769**	703,794	**78,487**	150,550	**983,256**	854,344
Special events, net	**233,027**	361,683	**-**	-	**233,027**	361,683
Gifts in-kind:						
Services	**132,793**	23,081	**-**	-	**132,793**	23,081
Total public support	**4,344,830**	5,913,190	**1,964,076**	668,908	**6,308,906**	6,582,098
OTHER REVENUES						
Interest and dividends	**6,131**	52,453	**50,098**	105,211	**56,229**	157,664
Unrealized gains	**828,060**	28,695	**2,834,903**	103,348	**3,662,963**	132,043
Gains (losses) on sale of investments and property and equipment, net	**614**	740,281	**18,036**	(10,782)	**18,650**	729,499
Other	**833,722**	122,275	**-**	-	**833,722**	122,275
Social Security/ Child support	**9,228**	24,033	**-**	-	**9,228**	24,033
Auxiliary (net of related expenses of $1,138,105)	**572,816**	345,591	**-**	-	**572,816**	345,591
Total other revenues	**2,250,571**	1,313,328	**2,903,037**	197,777	**5,153,608**	1,511,105
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of restrictions	**1,120,720**	1,358,962	**(1,120,720)**	(1,358,962)	**-**	-
Total support, other revenues, and assets released from restrictions	**7,716,121**	8,585,480	**3,746,393**	(492,277)	**11,462,514**	8,093,203

The accompanying notes are an integral part of these statements.

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

COMBINED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Totals	
	2021	2020	**2021**	2020	**2021**	2020
Total support, other revenues, and assets released from restrictions (brought forward)	**$ 7,716,121**	$ 8,585,480	**$ 3,746,393**	$ (492,277)	**$ 11,462,514**	$ 8,093,203
EXPENSES						
Program services	**3,738,273**	3,685,279	-	-	**3,738,273**	3,685,279
Support services:						
Administrative	**856,871**	1,168,775	-	-	**856,871**	1,168,775
Fund raising	**1,263,572**	1,115,416	-	-	**1,263,572**	1,115,416
Total support services	**2,120,443**	2,284,191	-	-	**2,120,443**	2,284,191
Total expenses	**5,858,716**	5,969,470	-	-	**5,858,716**	5,969,470
Increase (decrease) in net assets	**1,857,405**	2,616,010	**3,746,393**	(492,277)	**5,603,798**	2,123,733
Net assets, beginning of year	**13,098,059**	10,482,049	**10,505,128**	10,997,405	**23,603,187**	21,479,454
Net assets, end of year	**$ 14,955,464**	$ 13,098,059	**$ 14,251,521**	$ 10,505,128	**$ 29,206,985**	$ 23,603,187

The accompanying notes are an integral part of these statements.

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

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Totals	
	2021	2020	**2021**	2020	**2021**	2020
PROGRAM SERVICES						
Salaries	**$ 1,474,490**	$ 1,360,329	**$ -**	$ -	**$ 1,474,490**	$ 1,360,329
Payroll related	**210,166**	280,660	**-**	-	**210,166**	280,660
Healthcare - staff	**293,064**	206,790	**-**	-	**293,064**	206,790
Education	**72,414**	73,342	**-**	-	**72,414**	73,342
Food	**179,243**	192,350	**-**	-	**179,243**	192,350
Healthcare - child	**68,199**	31,440	**-**	-	**68,199**	31,440
Clothing	**29,601**	22,119	**-**	-	**29,601**	22,119
Transportation	**249,093**	225,429	**-**	-	**249,093**	225,429
Housing	**241,720**	327,015	**-**	-	**241,720**	327,015
General child welfare	**489,300**	551,846	**-**	-	**489,300**	551,846
General child welfare in-kind	**100,913**	23,081	**-**	-	**100,913**	23,081
Depreciation and amortization	**330,070**	390,878	**-**	-	**330,070**	390,878
Total program services	**3,738,273**	3,685,279	**-**	-	**3,738,273**	3,685,279
SUPPORT SERVICES						
Administrative:						
Salaries	**384,164**	741,959	**-**	-	**384,164**	741,959
Payroll related	**48,551**	45,844	**-**	-	**48,551**	45,844
Healthcare - staff	**40,372**	48,588	**-**	-	**40,372**	48,588
Equipment	**25,743**	21,161	**-**	-	**25,743**	21,161
General insurance	**40,753**	15,635	**-**	-	**40,753**	15,635
Other	**60,443**	41,818	**-**	-	**60,443**	41,818
Travel and meals	**29,469**	48,181	**-**	-	**29,469**	48,181
Depreciation and amortization	**4,795**	8,667	**-**	-	**4,795**	8,667
Professional and other fees	**222,581**	196,922	**-**	-	**222,581**	196,922
Total administrative	**856,871**	1,168,775	**-**	-	**856,871**	1,168,775
Fund raising:						
Salaries	**702,569**	563,780	**-**	-	**702,569**	563,780
Payroll-related	**99,682**	47,186	**-**	-	**99,682**	47,186
Healthcare - staff	**88,678**	63,918	**-**	-	**88,678**	63,918
Marketing	**141,901**	234,763	**-**	-	**141,901**	234,763
Travel and meals	**65,436**	63,980	**-**	-	**65,436**	63,980
Equipment	**52,231**	19,587	**-**	-	**52,231**	19,587
General insurance	**12,464**	9,840	**-**	-	**12,464**	9,840
Other	**80,602**	62,541	**-**		**80,602**	62,541
Professional and other fees	**20,009**	49,821	**-**	-	**20,009**	49,821
Total fund raising	**1,263,572**	1,115,416	**-**	-	**1,263,572**	1,115,416
Total support services	**2,120,443**	2,284,191	**-**	-	**2,120,443**	2,284,191
Total expenses	**$ 5,858,716**	$ 5,969,470	**$ -**	$ -	**$ 5,858,716**	$ 5,969,470

The accompanying notes are an integral part of these statements.

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

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 5,603,798**	$ 2,123,733
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	**334,865**	399,545
Paycheck Protection Program Grant Income	**(717,600)**	-
Decrease in receivables	**63,141**	33,797
(Increase) decrease in prepaid expenses	**10,279**	(8,916)
Decrease in inventory	**-**	15,128
Increase in cash value of life insurance	**(12,370)**	(525)
Contribution of investment securities	**(217,555)**	(272,441)
Unrealized gains on long-term investments	**(3,662,963)**	(132,043)
Increase (decrease) in accounts payable and accrued liabilities	**269,726**	(129,650)
Increase (decrease) in accrued compensated absences	**11,774**	(92,157)
Decrease in annuity obligations	**(10,666)**	(11,227)
(Gains) Losses on sale of investments	**(19,755)**	10,782
(Gains) Losses on sale of property and equipment	**1,105**	(740,281)
Increase (decrease) in children's savings payable	**30,740**	(10,977)
Net cash provided by operating activities	**1,684,519**	1,184,768
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(1,757,309)**	(948,969)
Purchase of land, buildings, and equipment	**(1,244,125)**	(723,955)
Proceeds from sale of investments	**1,140,445**	1,085,725
Proceeds from sale of property and equipment	**750**	1,505,750
Net cash provided by (used in) investing activities	**(1,860,239)**	918,551
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	**539,300**	717,600
Proceed from Paycheck Protection Program loan	**717,600**	-
Payments on long-term debt	**-**	(3,785)
Net cash provided by financing activities	**1,256,900**	713,815
Net increase in cash and cash equivalents	**1,081,180**	2,817,134
Cash and cash equivalents, beginning of year	**6,144,246**	3,327,112
Cash and cash equivalents, end of year	**$ 7,225,426**	$ 6,144,246

Supplemental disclosures of cash flow information:

Cash paid during the year for:		
Interest	$ -	$ -

The accompanying notes are an integral part of these statements.

DESCRIPTION OF ORGANIZATION

Palmer Home for Children (Home) and Mississippi Sheriffs' Boys and Girls Ranch, Inc. (Ranch) 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:

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. Contributions that are restricted by the donor are 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 an increase in net assets with donor restrictions, depending on the nature of restriction. 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.

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.

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.

9. Subsequent Events

Management has evaluated subsequent events on these financial statements through September 20, 2021, the date the financial statements were available to be issued, and is not aware of any material subsequent events.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Revenue Recognition

Effective July 1, 2019, the Organization adopted ASC Topic 606, *Revenue from Contracts with Customers*. Under ASC 606, the Organization recognizes revenue from licensing agreements and contracts by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied. There was no impact to the Organization's statement of financial position or statement of activities on the date of adoption of ASC Topic 606.

NOTE B - INVESTMENTS

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

	2021		2020	
	Adjusted Cost	**Market Value**	Adjusted Cost	Market Value
Level I				
Common Stocks:				
Southern Royalty Company	**$ 1,400**	**$ 1,400**	$ 1,400	$ 1,400
Ameriprise Financial:				
Charitable remainder trusts	**756,999**	**848,094**	501,319	507,300
Gerber/Taylor	**1,966,490**	**2,653,260**	1,641,340	1,721,870
Level II				
Gerber/Taylor	**-**	**-**	108,635	114,987
Other [1]				
Aegis	**200,000**	**198,089**	200,000	200,000
Create, Inc.	**25,455**	**25,455**	20,000	19,662
Gerber/Taylor	**8,385,810**	**11,272,819**	8,586,006	8,625,524
Total Investments	**$11,336,154**	**$14,999,117**	$11,058,700	$11,190,743

(1) 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 of $3,662,963 and $132,043 at June 30, 2021 and 2020, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2021 and 2020, consisted of the following:

	2021	2020
Amounts due in less than one year	**$ 58,721**	$ 77,395
Amounts due in one to five years	**28,390**	68,795
Amounts due in more than five years	**-**	-
Total	**87,111**	146,190
Discount to net present value at 3.25%	**4,405**	7,795
Contributions receivable	**$ 82,706**	$ 138,395

NOTE E - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment at June 30, 2021 and 2020, consisted of the following:

	2021	2020
Land	**$ 1,340,209**	$ 1,314,439
Buildings	**10,137,087**	9,003,111
Equipment and automobiles	**1,097,264**	1,049,633
	12,574,560	11,367,183
Less accumulated depreciation	**(4,474,949)**	(4,166,140)
	$ 8,099,611	$ 7,201,043

NOTE F - NOTES PAYABLE AND LONG-TERM DEBT

Details of long-term debt at June 30, 2021 and 2020, were as follows:

	2021	2020
Note payable to a bank, due in monthly installments of $40,188, including interest at 1.00%; due May 2022	$ -	$ 717,600
Note payable to a bank, due in monthly installments of $9,219, including interest at 1.00%, due April 2026	539,300	-
	539,300	717,600
Less current maturities	123,437	274,185
Long-term debt, less current maturities	$ 415,863	$ 443,415

At June 30, 2021, maturities of long-term debt were as follows:

2022	$ 123,437
Thereafter	415,863
	$ 539,000

On May 4, 2020, the Organization received loan proceeds in the amount of $717,600, under the Paycheck Protection Program ("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 amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the program. The Organization used the entire loan amount for qualifying expenses.

The Organization was notified on January 15, 2021, by the Small Business Administration (SBA) that the loan, together with accrued interest, had been fully forgiven under the provisions of the PPP program. The Organization 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 Organization has recognized the contribution as Other Income in the Statement of Activities as an increase in net assets without donor restrictions.

NOTE F - NOTES PAYABLE AND LONG-TERM DEBT (Continued)

On April 12, 2021, the Organization received loan proceeds in the amount of $539,300, under the Paycheck Protection Program ("PPP"). The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first ten months. The Organization intends to use the entire loan amount for qualifying expenses. However, the amount of forgivable principal has not been calculated at this time.

NOTE G - UNRESTRICTED NET ASSETS, OPERATING

Unrestricted net assets available for operating purposes at June 30, 2021 and 2020, consisted of the following:

	2021	2020
Cash and cash equivalents	**$ 4,602,146**	$ 3,474,143
Accounts receivable	**2,673**	10,125
Pledge receivable	**-**	9,583
Prepaid items	**16,230**	26,509
Cash value of life insurance	**43,918**	31,548
Long-term investments	**1,029,586**	924,772
Accounts payable	**(439,798)**	(170,072)
Accrued compensated absences	**(25,388)**	(13,614)
Loans payable	**(539,300)**	(717,600)
	$ 4,690,067	$ 3,575,394

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, 2021, 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, 2021 and 2020, consisted of the following:

	2021	2020
Long-term investments	**$ 2,175,576**	$ 1,602,128
Land	**381,400**	381,400
	$ 2,556,976	$ 1,983,528

NOTE I - UNRESTRICTED, PERMANENT NET ASSETS

Permanent net assets at June 30, 2021 and 2020, consisted of the following:

	2021	2020
Computer software	**$ 96,503**	$ 96,503
Land	**949,019**	923,249
Buildings	**10,137,087**	8,463,290
Equipment and automobiles	**1,093,164**	1,572,528
	12,275,773	11,055,570
Less: Accumulated depreciation	**(4,474,949)**	(4,166,140)
Accumulated amortization	**(92,403)**	(79,577)
	$ 7,708,421	$ 6,809,853

NOTE J - DONOR TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2021 and 2020, consisted of the following:

	2021	2020
Cash	**$ 2,623,280**	$ 2,649,290
Contributions receivable	**82,706**	128,812
Investments	**848,094**	507,300
Annuity obligations	**(202,645)**	(213,311)
Children's savings	**(55,565)**	(24,825)
	$ 3,295,870	$ 3,047,266

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, 2021 and 2020:

	2021	2020
Cash	**$ -**	$ 20,813
Long-term investments:		
General Endowment:		
Ashford	**412,535**	307,382
Brock	**3,853,447**	2,873,735
Furr	**473,817**	353,045

NOTE K- DONOR PERMANENTLY RESTRICTED NET ASSETS (Continued)

	2021	2020
General Endowment: (Continued)		
Church	$ 71,008	$ 52,908
Hailey	140,877	104,968
Huff	152,025	113,275
McAllister	210,561	156,890
Overcash and general	20,240	15,081
Radescich	185,615	138,303
Radescich - general	212,577	158,392
Winters	426,454	317,754
Wagoner	439,643	327,581
Knox	609,908	454,447
McElroy	51,580	38,433
Sunderwirth	20,835	15,524
Francis	49,985	37,244
Faulkner	157,640	117,459
Community Foundations	25,455	19,666
	7,514,202	5,602,087
Scholarship Endowment:		
Ballard	835,832	622,784
Barrar	218,662	162,927
Barton	52,570	39,170
Beaufait	62,442	46,526
Bennett	183,875	137,006
Cockerham	13,572	10,113
Colwick	175,578	130,824
Farnham	15,187	11,315
Hutchinson	283,669	211,364
Kinard	36,462	27,168
McPhail	210,442	156,802
Revell	591,913	441,039
Ruby Life	25,157	18,744
Stringer	409,293	304,967
Via	5,502	4,100
Yancey	321,293	239,397
	3,441,449	2,564,246
Accounts payable	-	-
	$10,955,651	$ 8,187,146

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 receive a substantial amount of their support from several Southeastern states with approximately 63% of support coming from within the state of Mississippi. A significant reduction in the level of support, if it were to occur, may have an effect on the activities of the Home and Ranch.

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, 2021, the Home and Ranch had cash deposits at one institution, which exceeded the FDIC insurance limit by $6,332,200. 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.

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, 2021 and 2020, the amount of retirement expense was $93,650 and $106,920, respectively.

NOTE P - OPERATING LEASES

The Home leases real estate used in its thrift store operations under operating leases expiring in various years through 2021. Also, the Home leases automobiles under leases that expire in 2021.

Minimum future rental payments under all non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2020, for each of the next five years and in the aggregate, are:

2022	$ 261,240
2023	124,030
2024	74,690
2025	60,000
2026	10,000
Thereafter	-
Total minimum future rental payments	$ 529,960

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.

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, 2021 and 2020:

	Permanently Restricted	Total
June 30, 2021:		
Donor-restricted endowment funds	**$10,955,651**	**$10,955,651**
June 30, 2020:		
Donor-restricted endowment funds	$ 8,187,146	$ 8,187,146

NOTE Q - ENDOWMENT FUND NET ASSETS (Continued)

Changes in endowment net assets for the years ended June 30, 2021 and 2020:

	Permanently Restricted	Total
June 30, 2021:		
Endowment net assets, beginning of year	**$ 8,187,146**	**$ 8,187,146**
Investment income (net of fees)	**24,698**	**24,698**
Unrealized appreciation	**2,743,807**	**2,743,807**
Contributions	**-**	**-**
Expenditures	**-**	**-**
Endowment net assets, end of year	**$10,955,651**	**$10,955,651**
June 30, 2020:		
Endowment net assets, beginning of year	$ 8,084,164	$ 8,084,164
Investment income (net of fees)	5,538	5,538
Unrealized appreciation	97,444	97,444
Contributions	-	-
Expenditures	-	-
Endowment net assets, end of year	$ 8,187,146	$ 8,187,146

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

	2021	2020
Permanently Restricted Net Assets		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UMIFA	**$10,955,651**	$ 8,187,146
Total endowment funds classified as Permanently Restricted Net Assets	**$10,955,651**	$ 8,187,146

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.

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, 2020, 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 2016 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 expenditure are as follows:

Cash and cash equivalents	$ 4,602,146
Investments	1,029,586
Pledges and accounts receivable, net	2,673
Prepaid expenses	16,230
Cash value of life insurance	43,918
	$ 5,694,553

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 balance sheet 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 - COVID-19

The outbreak of Coronavirus Disease 2019 ("COVID-19") could adversely impact the broad range of public supporters which support the Organization and impair their ability to initiate new support or to fulfill their current or future obligations to the Organization. The World Health Organization has declared COVID-19 to be a global pandemic, indicating that almost all public commerce and related business activities must be, to varying degrees, curtailed with the goal of decreasing the rate of new infections.

While the outbreak is currently expected to be temporary, there is considerable uncertainty around the duration and its impacts on the Organization's current and future operations. Therefore, the extent to which COVID-19 may impact the Organization's financial condition or results of operations cannot be reasonably estimated at this time.

NOTE U - SUBSEQUENT EVENTS

Subsequent to year end, the Organization entered into a line of credit agreement with a bank providing for loans up to a maximum of $2,000,000. This line of credit carries an interest rate at Wall Street Journal Prime and matures on August 3, 2023.