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

COMBINED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2022 AND 2021

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

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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 nonprofit organization), which comprise the combined statements of financial position as of June 30, 2022 and 2021, 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, 2022 and 2021, 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.

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

J. E. Vott & Company

Columbus, Mississippi
October 17, 2022

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

COMBINED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	**$ 1,583,356**	$ 4,602,146
Cash - restricted	**330,617**	2,623,280
Contributions and accounts receivable, net	**502,933**	56,989
Prepaid expenses	**14,737**	16,230
Total current assets	**2,431,643**	7,298,645
NONCURRENT ASSETS		
Contributions receivable	**414,000**	28,390
Cash value of life insurance	**36,748**	43,918
Long-term investments	**12,925,567**	14,999,117
Land, buildings, and equipment, net of accumulated depreciation	**14,045,227**	8,099,611
Total noncurrent assets	**27,421,542**	23,171,036
Total Assets	**$ 29,853,185**	$ 30,469,681

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

COMBINED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Current maturities of long-term debt	**$ -**	$ 123,437
Accounts payable and accrued liabilities	**109,079**	439,798
Annuity obligations	**40,063**	40,063
Accrued compensated absences	**24,630**	25,388
Total current liabilities	**173,772**	628,686
NONCURRENT LIABILITIES		
Long-term debt, less current maturities	**-**	415,863
Annuity obligations	**152,450**	162,582
Children's savings payable	**48,652**	55,565
	201,102	634,010
Total liabilities	**374,874**	1,262,696
NET ASSETS		
Without donor restrictions	**18,650,570**	14,955,464
With donor restrictions	**10,827,741**	14,251,521
Total net assets	**29,478,311**	29,206,985
Total Liabilities and Net Assets	**$ 29,853,185**	$ 30,469,681

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

COMBINED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Totals	
	2022	2021	**2022**	2021	**2022**	2021
PUBLIC SUPPORT						
Churches/church groups	**$ 413,613**	$ 427,668	**$ -**	$ -	**$ 413,613**	$ 427,668
Individuals	**1,986,635**	1,917,108	**1,483,406**	1,404,264	**3,470,041**	3,321,372
Estates/trusts	**244,870**	337,439	**-**	-	**244,870**	337,439
Foundations	**377,696**	392,026	**85,037**	481,325	**462,733**	873,351
Businesses	**1,225,060**	904,769	**274,430**	78,487	**1,499,490**	983,256
Special events, net	**306,837**	233,027	**-**	-	**306,837**	233,027
Gifts in-kind:						
Services	**314,048**	132,793	**-**	-	**314,048**	132,793
Total public support	**4,868,759**	4,344,830	**1,842,873**	1,964,076	**6,711,632**	6,308,906
OTHER REVENUES						
Interest and dividends	**6,797**	6,131	**65,679**	50,098	**72,476**	56,229
Unrealized gains (losses)	**(240,089)**	828,060	**(1,720,417)**	2,834,903	**(1,960,506)**	3,662,963
Gains (losses) on sale of investments and property and equipment, net	**(4,315)**	614	**1,046**	18,036	**(3,269)**	18,650
Other	**1,005,826**	833,722	**-**	-	**1,005,826**	833,722
Social Security/ Child support	**11,588**	9,228	**-**	-	**11,588**	9,228
Auxiliary (net of related expenses of $1,372,223)	**435,378**	572,816	**-**	-	**435,378**	572,816
Total other revenues	**1,215,185**	2,250,571	**(1,653,692)**	2,903,037	**(438,507)**	5,153,608
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of restrictions	**3,612,961**	1,120,720	**(3,612,961)**	(1,120,720)	**-**	-
Total support, other revenues, and assets released from restrictions	**$ 9,696,905**	$ 7,716,121	**$ (3,423,780)**	$ 3,746,393	**$ 6,273,125**	$ 11,462,514

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, 2022 AND 2021

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Totals	
	2022	2021	**2022**	2021	**2022**	2021
Total support, other revenues, and assets released from restrictions (brought forward)	**$ 9,696,905**	$ 7,716,121	**$ (3,423,780)**	$ 3,746,393	**$ 6,273,125**	$ 11,462,514
EXPENSES						
Program services	**3,854,357**	3,738,273	**-**	-	**3,854,357**	3,738,273
Support services:						
Administrative	**990,964**	856,871	**-**	-	**990,964**	856,871
Fund raising	**1,156,478**	1,263,572	**-**	-	**1,156,478**	1,263,572
Total support services	**2,147,442**	2,120,443	**-**	-	**2,147,442**	2,120,443
Total expenses	**6,001,799**	5,858,716	**-**	-	**6,001,799**	5,858,716
Increase (decrease) in net assets	**3,695,106**	1,857,405	**(3,423,780)**	3,746,393	**271,326**	5,603,798
Net assets, beginning of year	**14,955,464**	13,098,059	**14,251,521**	10,505,128	**29,206,985**	23,603,187
Net assets, end of year	**$ 18,650,570**	$ 14,955,464	**$ 10,827,741**	$ 14,251,521	**$ 29,478,311**	$ 29,206,985

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

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Totals	
	2022	2021	**2022**	2021	**2022**	2021
PROGRAM SERVICES						
Salaries	**$ 1,323,128**	$ 1,474,490	**$ -**	$ -	**$ 1,323,128**	$ 1,474,490
Payroll related	**195,914**	210,166	**-**	-	**195,914**	210,166
Healthcare - staff	**211,281**	293,064	**-**	-	**211,281**	293,064
Education	**42,511**	72,414	**-**	-	**42,511**	72,414
Food	**195,161**	179,243	**-**	-	**195,161**	179,243
Healthcare - child	**111,639**	68,199	**-**	-	**111,639**	68,199
Clothing	**32,479**	29,601	**-**	-	**32,479**	29,601
Transportation	**279,411**	249,093	**-**	-	**279,411**	249,093
Housing	**295,721**	241,720	**-**	-	**295,721**	241,720
General child welfare	**536,907**	489,300	**-**	-	**536,907**	489,300
General child welfare in-kind	**300,248**	100,913	**-**	-	**300,248**	100,913
Depreciation and amortization	**329,957**	330,070	**-**	-	**329,957**	330,070
Total program services	**3,854,357**	3,738,273	**-**	-	**3,854,357**	3,738,273
SUPPORT SERVICES						
Administrative:						
Salaries	**479,833**	384,164	**-**	-	**479,833**	384,164
Payroll related	**92,192**	48,551	**-**	-	**92,192**	48,551
Healthcare - staff	**34,891**	40,372	**-**	-	**34,891**	40,372
Equipment	**15,547**	25,743	**-**	-	**15,547**	25,743
General insurance	**11,505**	40,753	**-**	-	**11,505**	40,753
Other	**79,191**	60,443	**-**	-	**79,191**	60,443
Travel and meals	**42,452**	29,469	**-**	-	**42,452**	29,469
Depreciation and amortization	**3,609**	4,795	**-**	-	**3,609**	4,795
Professional and other fees	**231,744**	222,581	**-**	-	**231,744**	222,581
Total administrative	**990,964**	856,871	**-**	-	**990,964**	856,871
Fund raising:						
Salaries	**635,950**	702,569	**-**	-	**635,950**	702,569
Payroll-related	**89,340**	99,682	**-**	-	**89,340**	99,682
Healthcare - staff	**74,670**	88,678	**-**	-	**74,670**	88,678
Marketing	**84,545**	141,901	**-**	-	**84,545**	141,901
Travel and meals	**67,330**	65,436	**-**	-	**67,330**	65,436
Equipment	**30,463**	52,231	**-**	-	**30,463**	52,231
General insurance	**27,965**	12,464	**-**	-	**27,965**	12,464
Other	**131,294**	80,602	**-**		**131,294**	80,602
Professional and other fees	**14,921**	20,009	**-**	-	**14,921**	20,009
Total fund raising	**1,156,478**	1,263,572	**-**	-	**1,156,478**	1,263,572
Total support services	**2,147,442**	2,120,443	**-**	-	**2,147,442**	2,120,443
Total expenses	**$ 6,001,799**	$ 5,858,716	**$ -**	$ -	**$ 6,001,799**	$ 5,858,716

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 271,326**	$ 5,603,798
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	**333,566**	334,865
Paycheck Protection Program Grant Income	**(539,300)**	(717,600)
(Increase) decrease in receivables	**(831,554)**	63,141
Decrease in prepaid expenses	**1,493**	10,279
(Increase) decrease in cash value of life insurance	**7,170**	(12,370)
Contribution of investment securities	**(352,223)**	(217,555)
Unrealized (gains) losses on long-term investments	**1,960,506**	(3,662,963)
Increase (decrease) in accounts payable and accrued liabilities	**(330,719)**	269,726
Increase (decrease) in accrued compensated absences	**(758)**	11,774
Decrease in annuity obligations	**(10,132)**	(10,666)
(Gains) Losses on sale of investments	**4,169**	(19,755)
(Gains) Losses on sale of property and equipment	**(900)**	1,105
Increase (decrease) in children's savings payable	**(6,913)**	30,740
Net cash provided by operating activities	**505,731**	1,684,519
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(113,544)**	(1,757,309)
Purchase of land, buildings, and equipment	**(6,279,182)**	(1,244,125)
Proceeds from sale of investments	**574,642**	1,140,445
Proceeds from sale of property and equipment	**900**	750
Net cash used in investing activities	**(5,817,184)**	(1,860,239)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	**-**	539,300
Proceed from Paycheck Protection Program loan	**-**	717,600
Net cash provided by financing activities	**-**	1,256,900
Net increase (decrease) in cash, cash equivalents and restricted cash	**(5,311,453)**	1,081,180
Cash, cash equivalents and restricted cash, beginning of year	**7,225,426**	6,144,246
Cash, cash equivalents and restricted cash, end of year	**$ 1,913,973**	$ 7,225,426

Supplemental disclosures of cash flow information:

	2022	2021
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 October 17, 2022, 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 From Contracts With Customers

The Organization recognizes revenue from the thrift stores as it's auxiliary income on the statement 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, 2022 and 2021, the Organization had revenue from contracts with customers in the amount of $1,807,601 and $1,710,921, respectively. There are no contract receivables for the years ended June 30, 2022 and 2021.

NOTE B - INVESTMENTS

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

	2022		2021	
	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	**898,333**	**712,136**	756,999	848,094
Duncan Williams	**311,278**	**258,078**	-	-
Gerber/Taylor	**2,528,704**	**1,518,354**	1,966,490	2,653,260
Level II				
Gerber/Taylor	**-**	**-**	-	-
Other (1)				
Aegis	**-**	**-**	200,000	198,089
Create, Inc.	**24,130**	**24,130**	25,455	25,455
Gerber/Taylor	**11,122,228**	**10,411,469**	8,385,810	11,272,819
Total Investments	**$14,886,073**	**$12,925,567**	$11,336,154	$14,999,117

NOTE B – INVESTMENTS (Continued)

(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 (losses) of ($1,960,506) and $3,662,963 at June 30, 2022 and 2021, 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, 2022 and 2021, consisted of the following:

	2022	2021
Amounts due in less than one year	**$ 216,919**	$ 58,721
Amounts due in one to five years	**414,000**	28,390
Amounts due in more than five years	**-**	-
Total	**630,919**	87,111
Discount to net present value at 3.25%	**29,611**	4,405
Contributions receivable	**$ 601,308**	$ 82,706
Less accumulated depreciation	**4,781,857**	(4,474,949)
	$14,045,227	$ 8,099,611

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NOTE E - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Land	**$ 1,380,693**	$ 1,340,209
Buildings	**16,371,792**	10,137,087
Equipment and automobiles	**1,074,599**	1,097,264
	18,827,084	12,574,560
Less accumulated depreciation	**4,781,857**	(4,474,949)
	$14,045,227	$ 8,099,611

NOTE F - NOTES PAYABLE AND LONG-TERM DEBT

Details of long-term debt at June 30, 2022 and 2021, were as follows:

	2022	2021
Note payable to a bank, due in monthly installments of $9,219, including interest at 1.00%, due April 2026	**$ -**	$ 539,300
	-	539,300
Less current maturities	**-**	123,437
Long-term debt, less current maturities	**$ -**	$ 415,863

On May 4, 2020, the Organization received loan proceeds in the amount of $717,600, under the Paycheck Protection Program ("PPP"). Subsequent to the first loan on April 12, 2021, the Organization 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 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 first loan had been fully forgiven under the provisions of the PPP program. The Organization was again notified on November 16, 2021, that the second loan was fully forgiven. 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 G - UNRESTRICTED NET ASSETS, OPERATING

Unrestricted net assets available for operating purposes at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Cash and cash equivalents	**$ 1,583,356**	$ 4,602,146
Accounts receivable	**319,391**	2,673
Prepaid items	**14,737**	16,230
Cash value of life insurance	**36,748**	43,918
Long-term investments	**922,989**	1,029,586
Accounts payable	**(109,079)**	(439,798)
Accrued compensated absences	**(24,630)**	(25,388)
Loans payable	**-**	(539,300)
	$ 2,743,512	$ 4,690,067

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, 2022, 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, 2022 and 2021, consisted of the following:

	2022	2021
Long-term investments	**$ 1,871,621**	$ 2,175,576
Land	**381,400**	381,400
	$ 2,253,021	$ 2,556,976

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE I - UNRESTRICTED, PERMANENT NET ASSETS

Permanent net assets at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Computer software	**$ 96,503**	$ 96,503
Land	**989,503**	949,019
Buildings	**16,371,792**	10,137,087
Equipment and automobiles	**1,074,599**	1,093,164
	18,532,397	12,275,773
Less: Accumulated depreciation	**(4,781,857)**	(4,474,949)
Accumulated amortization	**(96,503)**	(92,403)
	$13,654,037	$ 7,708,421

NOTE J - DONOR TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Cash	**$ 330,617**	$ 2,623,280
Contributions receivable	**597,542**	82,706
Investments	**712,136**	848,094
Annuity obligations	**(192,513)**	(202,645)
Children's savings	**(48,652)**	(55,565)
	$ 1,399,130	$ 3,295,870

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, 2022 and 2021:

	2022	2021
Long-term investments:		
General Endowment:		
Ashford	**$ 354,899**	$ 412,535
Brock	**3,316,440**	3,853,447
Furr	**407,619**	473,817

NOTE K- DONOR PERMANENTLY RESTRICTED NET ASSETS (Continued)

	2022	2021
General Endowment: (Continued)		
Church	**$ 61,086**	$ 71,008
Hailey	**121,195**	140,877
Huff	**130,786**	152,025
McAllister	**181,143**	210,561
Overcash and general	**17,413**	20,240
Radescich	**159,683**	185,615
Radescich - general	**182,877**	212,577
Winters	**366,873**	426,454
Wagoner	**378,219**	439,643
Knox	**524,697**	609,908
McElroy	**44,374**	51,580
Sunderwirth	**17,924**	20,835
Francis	**43,002**	49,985
Faulkner	**135,614**	157,640
Community Foundations	**24,130**	25,455
	6,467,974	7,514,202
Scholarship Endowment:		
Ballard	**719,056**	835,832
Barrar	**188,112**	218,662
Barton	**45,225**	52,570
Beaufait	**53,718**	62,442
Bennett	**158,185**	183,875
Cockerham	**11,676**	13,572
Colwick	**151,048**	175,578
Farnham	**13,065**	15,187
Hutchinson	**244,037**	283,669
Kinard	**31,368**	36,462
McPhail	**181,041**	210,442
Revell	**509,216**	591,913
Ruby Life	**21,642**	25,157
Stringer	**352,110**	409,293
Via	**4,734**	5,502
Yancey	**276,404**	321,293
	2,960,637	3,441,449
	$ 9,428,611	$10,955,651

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, 2022, the Home and Ranch had cash deposits at one institution, which exceeded the FDIC insurance limit by $835,164. 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, 2022 and 2021, the amount of retirement expense was $91,278 and $93,650, 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.

Minimum future rental payments under all non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2022, for each of the next five years and in the aggregate, are:

2023	$ 124,000
2024	74,700
2025	60,000
2026	10,000
2027	-
Thereafter	-
Total minimum future rental payments	$ 268,700

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, 2022 and 2021:

	Permanently Restricted	Total
June 30, 2022:		
Donor-restricted endowment funds	**$ 9,428,611**	**$ 9,428,611**
June 30, 2021:		
Donor-restricted endowment funds	$10,955,651	$10,955,651

NOTE Q - ENDOWMENT FUND NET ASSETS (Continued)

Changes in endowment net assets for the years ended June 30, 2022 and 2021:

	Permanently Restricted	Total
June 30, 2022:		
Endowment net assets, beginning of year	**$ 10,955,651**	**$10,955,651**
Investment income (net of fees)	**7,180**	**7,180**
Unrealized appreciation (depreciation)	**(1,534,220)**	**(1,534,220)**
Contributions	**-**	**-**
Expenditures	**-**	**-**
Endowment net assets, end of year	**$ 9,428,611**	**$ 9,428,611**
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

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

	2022	2021
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	**$ 9,428,611**	$10,955,651
Total endowment funds classified as Permanently Restricted Net Assets	**$ 9,428,611**	$10,955,651

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, 2022, 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 2019 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	$ 1,913,973
Investments	12,925,567
Pledges and accounts receivable, net	916,933
Prepaid expenses	14,737
Cash value of life insurance	36,748
Less restricted cash	(330,617)
Less restricted contribution receivables	(597,542)
Less restricted investments	(10,140,747)
	$ 4,739,052

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. The Organizations have an available line of credit in the amount of $2,000,000 (matures August 2023 with interest at the prime rate) if additional funds are required.

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 - 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	$ 1,583,356
Restricted cash included in assets restricted to investment in land, buildings, and equipment	330,617
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 1,913,973

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.