

Financial Statements

EDGEWOOD CHILDREN'S RANCH, INC.

June 30, 2022

EDGEWOOD CHILDREN'S RANCH, INC.

Financial Statements

June 30, 2022

(With Independent Auditor's Report Thereon)

EDGEWOOD CHILDREN’S RANCH, INC.

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Independent Auditor's Report

The Board of Trustees
Edgewood Children's Ranch, Inc.:

Opinion

We have audited the accompanying financial statements of Edgewood Children's Ranch, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Edgewood Children's Ranch, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Edgewood Children's Ranch, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Edgewood Children's Ranch, Inc.'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.

Report on Summarized Comparative Information

We have previously audited the Edgewood Children's Ranch, Inc.'s 2021 financial statements, and expressed an unmodified opinion on those audited financial statements in our report dated October 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schaefer, Tschoff, Whittemut, Mitchell & Shuilen, LLP

Maitland, Florida
September 9, 2022

EDGEWOOD CHILDREN'S RANCH, INC.

Statements of Financial Position

June 30, 2022 and 2021

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 678,361	761,561
Investment securities	127,099	134,766
Inventory	36,000	61,000
Other assets	3,633	3,633
Total current assets	845,093	960,960
Contribution receivable from remainder trust	189,704	167,250
Beneficial interest in assets held by Central Florida Foundation	837,550	962,938
Property and equipment, net	3,458,787	3,363,519
Total assets	<u>\$ 5,331,134</u>	<u>5,454,667</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Accounts payable	\$ 18,298	175,250
Accrued payroll expenses	2,932	510
Total current liabilities	21,230	175,760
Net assets:		
Without donor restrictions	5,086,080	5,112,923
With donor restrictions	223,824	165,984
Total net assets	5,309,904	5,278,907
Total liabilities and net assets	<u>\$ 5,331,134</u>	<u>5,454,667</u>

See accompanying notes to financial statements.

EDGEWOOD CHILDREN'S RANCH, INC.

Statement of Activities

Year ended June 30, 2022

(With summarized comparative information for the year ended June 30, 2021)

	Year ended June 30, 2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and support:				
Contributions	\$ 760,176	262,082	1,022,258	742,123
Endowment gain (loss)	(19,175)	-	(19,175)	296,541
Paycheck protection program grant	-	-	-	167,757
Special events	556,841	-	556,841	146,838
Thrift shop	224,582	-	224,582	285,609
Donated food	156,000	-	156,000	265,000
Donated materials	43,992	-	43,992	-
In-kind services	6,000	-	6,000	6,000
Tuition	196,597	-	196,597	212,957
Gain on sale of assets	13,000	-	13,000	-
Investment income	17,802	-	17,802	26,982
Unrealized gain (loss) on investment securities	(23,774)	-	(23,774)	15,752
	1,932,041	262,082	2,194,123	2,165,559
Net assets released from restrictions	204,242	(204,242)	-	-
Total revenue and support	2,136,283	57,840	2,194,123	2,165,559
Expenses:				
Program services	1,815,168	-	1,815,168	1,756,048
General and administrative	204,856	-	204,856	164,605
Fundraising expenses	143,102	-	143,102	30,732
Total expenses	2,163,126	-	2,163,126	1,951,385
Change in net assets	(26,843)	57,840	30,997	214,174
Net assets, beginning of year	5,112,923	165,984	5,278,907	5,064,733
Net assets, end of year	\$ 5,086,080	223,824	5,309,904	5,278,907

See accompanying notes to financial statements.

EDGEWOOD CHILDREN'S RANCH, INC.

Statement of Functional Expenses

Year ended June 30, 2022

(With summarized comparative information for the year ended June 30, 2021)

	<u>Program Services</u>			<u>Supporting Services</u>			<u>2022 Total</u>	<u>2021 Total</u>
	<u>Children's Services</u>	<u>Thrift Shop</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>		
Salaries	\$ 677,110	66,310	743,420	123,584	8,758	132,342	875,762	774,086
Employee health benefits	117,546	7,918	125,464	15,779	-	15,779	141,243	129,939
Payroll taxes	57,806	606	58,412	9,454	-	9,454	67,866	59,630
Insurance	221,430	955	222,385	955	-	955	223,340	192,552
Local transportation	16,449	-	16,449	-	-	-	16,449	8,169
Training and travel	8,925	-	8,925	-	-	-	8,925	3,926
Miscellaneous	16,345	-	16,345	-	-	-	16,345	6,987
Advertising	-	-	-	-	76,576	76,576	76,576	4,692.00
Office expense	10,716	-	10,716	-	1,759	1,759	12,475	4,239
Bank and credit card fees	14,242	1,736	15,978	-	-	-	15,978	3,487
Dues and subscriptions	9,552	-	9,552	-	-	-	9,552	7,834
Professional fees	-	-	-	55,084	-	55,084	55,084	47,127
Repairs and maintenance	93,187	-	93,187	-	-	-	93,187	134,939
In-kind services	6,000	-	6,000	-	-	-	6,000	6,000
Special events	-	-	-	-	56,009	56,009	56,009	17,037
Supplies	16,500	978	17,478	-	-	-	17,478	15,754
Taxes and licenses	12,754	-	12,754	-	-	-	12,754	8,720
Telephone	23,518	1,192	24,710	-	-	-	24,710	18,072
Utilities	86,952	6,907	93,859	-	-	-	93,859	95,974
Food costs, donated	181,000	-	181,000	-	-	-	181,000	274,000
Total expenses before depreciation	1,570,032	86,602	1,656,634	204,856	143,102	347,958	2,004,592	1,813,164
Depreciation	158,534	-	158,534	-	-	-	158,534	138,221
Total expenses	<u>\$ 1,728,566</u>	<u>86,602</u>	<u>1,815,168</u>	<u>204,856</u>	<u>143,102</u>	<u>347,958</u>	<u>2,163,126</u>	<u>1,951,385</u>

See accompanying notes to financial statements.

EDGEWOOD CHILDREN'S HOME, INC.

Statements of Cash Flows

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 30,997	214,174
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	158,534	138,221
Gain on sale of assets	(13,000)	-
Gain on sale of investments	(15,598)	(24,905)
Unrealized (gain) loss on investment securities	23,774	(15,752)
Changes in operating assets and liabilities:		
Assets held by Central Florida Foundation	125,388	(179,764)
Inventory	25,000	9,000
Contribution receivable from remainder trust	(22,454)	10
Accounts payable	(156,952)	175,250
Accrued payroll expenses	2,422	(490)
Net cash provided by (used in) operating activities	<u>158,111</u>	<u>315,744</u>
Cash flows from investing activities:		
Proceeds for sale of equipment	13,000	-
Proceeds from sale of investment securities	28,350	46,690
Purchase of investment securities	(28,859)	(28,859)
Purchase of property and equipment	(253,802)	(297,624)
Net cash used in investing activities	<u>(241,311)</u>	<u>(279,793)</u>
Net change in cash	(83,200)	35,951
Cash at beginning of year	<u>761,561</u>	<u>744,023</u>
Cash at end of year	<u>\$ 678,361</u>	<u>779,974</u>

See accompanying notes to financial statements.

EDGEWOOD CHILDREN'S RANCH, INC.

Notes to Financial Statements

June 30, 2022

(1) Organization and Summary of Significant Accounting Policies

(a) Organization and Purpose

Edgewood Children's Ranch, Inc. (the "Ranch" or "Organization"), located in Orlando, Florida, is a Christian rehabilitation organization providing a home, education and family counseling to abused and troubled children, primarily from the Central Florida area. The Ranch's mission is to help such children return to a normal life by exposing them to a loving and caring environment and schooling that instills Christian moral values.

(b) Basis of Accounting

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization prepares its financial statements on an entity wide basis, focusing on the organization as a whole. Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations and, therefore, available for use in general operations.
- Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donor-imposed restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

(c) Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

EDGEWOOD CHILDREN'S RANCH, INC.

Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies - Continued

(d) Contributions

Revenue Recognition

Contributions and grants, thrift store sales and payments under various contracts are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contract with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of products occurred, the sales price was fixed or determinable and collectability was reasonably assured.

In May of 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers, Topic 606, which requires an entity to recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance addresses, in particular, contracts with more than one performance obligation, as well as the accounting for some costs to obtain or fulfill a contract with the customer; and provides for additional disclosures with respect to revenues and cash flows arising from contracts with customers. With respect to not-for-profit entities, this update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019, and early adoption is not permitted. The Organization adopted the requirements of the new guidance as of July 1, 2020, utilizing the full retrospective method of transition. Adoption of the new guidance resulted in no material changes to the accounting policies.

Contributions and Grants - Contributions are recognized when donors make a promise to give to the Organization that is, in substance, unconditional. Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Thrift Store Retail Sales - A portion of the Organization's revenue is derived from Thrift store sales. Recognition of revenue is conditioned upon meeting one performance obligation; the sales transaction is completed at a thrift store location, and amounts received are recognized as revenue once the sale has been made (point in time). Once the sale is made, customers take possession of the goods purchased. The Organization does have return policy for items sold at the thrift stores and the dollar value of returns is not material to the Organization.

EDGEWOOD CHILDREN'S RANCH, INC.

Notes to Financial Statements

(1) **Organization and Summary of Significant Accounting Policies - Continued**

(e) **Inventory**

Inventory consists of food and sundries donated to the Ranch on a continuing basis. Amounts on hand at year-end are valued by management at their estimated fair value.

(f) **Investment Securities**

The Ranch is required to report its investments in equity securities with readily determinable fair values, and all investments in debt securities, at their fair values. Unrealized gains and losses associated with market fluctuations are included in the statement of activities. Gifts of investments are recorded at their fair value at the date of gift. Purchases and sales of investments are recorded on the trade date.

(g) **Property and Equipment**

Property and equipment are recorded at cost or, if donated, at their estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the following estimated useful lives:

Land improvements	10 – 20 years
Buildings and improvements	5 - 40 years
Office equipment, furniture and fixtures	5 – 10 years
Vehicles	5 – 10 years

Maintenance and repairs are charged to expense when incurred, betterments with a life of 1 year or more and a cost or fair value at date of donation of \$1,000 or greater are capitalized.

(h) **Beneficial Interest in Assets Held by Community Foundation**

The Organization has an interest in the Central Florida Foundation (CFF) which carries investments in marketable securities with readily determinable fair values and all investments in debt securities are at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

EDGEWOOD CHILDREN'S RANCH, INC.

Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies (Continued)

(i) Functional Allocation of Expenses

The costs of providing programs and administration of the Organization have been summarized on a functional basis as indicated in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of expenses according to function, including payroll and occupancy costs which cannot be directly attributed to specific functions, is based on estimates by the Organization's management, of the time of employees involved and of percentages of assets utilized.

(j) Income Taxes

The Ranch is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, and exempt from Federal Income taxes and from state income tax pursuant to Florida law, except that unrelated business income is taxable. The Ranch had no unrelated business income tax during the year ended June 30, 2022.

Tax positions are recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of June 30, 2022, the Ranch had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years that remain subject to examination are the periods beginning July 1, 2018 for all major tax jurisdictions.

(k) Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that long-lived assets or other assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down is required. If a write-down is required, the Ranch would prepare a discounted cash flow analysis to determine the amount of the write-down. As of June 30, 2022, no such impairment has been identified.

EDGEWOOD CHILDREN'S RANCH, INC.

Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies (Continued)

(l) Financial Statement Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities as of the date of the statements and the financial condition and activities. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. Significant estimates used in preparing these financial statements include estimating the value of donated food and services (including food inventory held at year-end), estimating the present value of the contribution receivable from the remainder trust, and allocating expenses to the proper function.

(m) Donated Assets and Services

Food and sundries donated and consumed are reflected in the financial statements as support and expense at their estimated fair value. Items donated for resale in the Thrift Shop are recognized as support when the items are subsequently sold since there is no objective basis available to measure the value of such items at the date of donation. As such, no Thrift Shop inventory is reflected in the financial statements. Professional services donated for the annual fundraiser are recognized as fundraising expense at their estimated fair value.

A substantial number of volunteers have contributed significant amounts of their time to the Ranch's programs, fundraising campaigns, and management. Contributions of services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

For the years ended June 30, 2022 and 2021, the Ranch recorded \$205,992 and \$271,000, respectively, of contributed food, fundraiser venue space, and property and equipment. The fundraiser venue space and property and equipment are included as contributions and the food is included as donated food in the accompanying statement of activities.

(n) Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through September 9, 2022 which is the date the financial statements were available to be issued.

EDGEWOOD CHILDREN'S RANCH, INC.

Notes to Financial Statements

(2) Liquidity and Availability

As of June 30, 2022, the Organization has \$581,636 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. Financial assets subject to donor or other restrictions that make them unavailable for general expenditure within one year of the balance sheet date were \$223,824 as of June 30, 2022. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table reflects the Organization's financial assets as of June 30, 2022 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	\$ 678,361
Investments	<u>127,099</u>
Total financial assets	805,460
Restricted cash	<u>(223,824)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 581,636</u>

(3) Investment Securities

Investment securities are comprised of the following at June 30:

	<u>2022</u>		<u>2021</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash	\$ 25,301	25,301	24,791	24,791
Equity funds	<u>101,798</u>	<u>6,382</u>	<u>109,975</u>	<u>6,382</u>
	<u>\$ 127,099</u>	<u>31,683</u>	<u>134,766</u>	<u>31,173</u>

Investment income includes dividends and interest earned during the year. Included in investment income are realized gains of \$15,598 and \$24,905 for the years ended June 30, 2022 and 2021, respectively.

EDGEWOOD CHILDREN'S RANCH, INC.

Notes to Financial Statements

(4) Contribution Receivable From Remainder Trust

Edgewood Children's Ranch has been named as a co-beneficiary of an irrevocable Charitable Remainder Trust ("Remainder Trust"). The Remainder Trust is being managed by the donors. The present value of the estimated future distribution expected to be received by the Ranch upon the death of the donors is reflected in the statements of financial position as a receivable. This present value is calculated as the difference between the fair value of the assets held in trust at fiscal year end and the present value of the expected payments to the donor, based on actuarially determined life expectancy over the term of the trust. Changes in the present value of the estimated future distribution expected to be received by the Ranch are reflected in the statements of activities as an increase or decrease in temporarily restricted contribution revenue and totaled \$22,454 and \$(10) for the years ended June 30, 2022 and 2021, respectively.

(5) Beneficial Interest in Assets Held by Central Florida Foundation

The Central Florida Foundation, Inc. (the "Foundation") is a charitable entity established for the long-term benefit and development of the Central Florida community. This endowment is for charitable, educational, scientific or civic uses, pursuant to the incorporating documents and policies adopted by the Foundation naming the Ranch as sole beneficiary. The endowment fund is designed to provide the Ranch with a fixed 5.0% annual return with additional earnings accumulating in principal.

The investment in the Foundation totaled \$837,550 and \$962,938 as of June 30, 2022 and 2021, respectively. It includes accrued interest income, realized gains and losses from investment transactions and unrealized gains and losses on the fund. For the years ended June 30, 2022 and 2021, the Ranch had gains (losses) totaling \$(125,388) and \$(179,764), respectively.

The Board of Directors of the Foundation shall have the power to modify or eliminate any restrictions, limitations, or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations, if the Board of Directors determines that such restrictions, limitation or condition becomes, by material and significant change of circumstances, in effect unnecessary, incapable of fulfillment, or inconsistent with the proper charitable, religious, scientific, literary, cultural or educational uses and purposes of the Central Florida area.

EDGEWOOD CHILDREN'S RANCH, INC.

Notes to Financial Statements

(6) Fair Value Measurement

Fair value of assets measured on a recurring basis are as follows:

	<u>Fair Value</u>	<u>Quote Prices In Active Markets for Identical Assets Level 1</u>	<u>Significant Unobservable Inputs Level 3</u>
<u>June 30, 2022</u>			
Investment securities	\$ 101,798	101,798	-
Contribution receivable from remainder trust	189,704	-	189,704
Beneficial interest in assets held by Central Florida Foundation	<u>837,550</u>	<u>-</u>	<u>837,550</u>
Total	<u>\$ 1,129,052</u>	<u>101,798</u>	<u>1,027,254</u>
<u>June 30, 2021</u>			
Investment securities	\$ 109,975	109,975	-
Contribution receivable from remainder trust	167,250	-	167,250
Beneficial interest in assets held by Central Florida Foundation	<u>962,938</u>	<u>-</u>	<u>962,938</u>
Total	<u>\$ 1,240,163</u>	<u>109,975</u>	<u>1,130,188</u>

Fair values for investment securities and investment in Central Florida Foundation are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of the remainder trust is estimated as the present value of expected future cash inflows.

EDGEWOOD CHILDREN'S RANCH, INC.

Notes to Financial Statements

(6) Fair Value Measurement (Continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs:

Contribution receivable from remainder trust

June 30, 2020	\$ 167,260
Change in value	<u>(10)</u>
June 30, 2021	\$ 167,250
Change in value	<u>22,454</u>
June 30, 2022	<u>\$ 189,704</u>

The change in value of the remainder trust is attributable to the revaluation of the contribution receivable from remainder trust based on applicable mortality tables and current market conditions and is included in the change in temporarily restricted net assets in the accompanying statement of activities for the years ended June 30, 2022 and 2021, respectively.

(7) Property and Equipment

Property and equipment consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 1,490,120	1,490,120
Buildings and improvements	4,704,285	4,391,179
Office equipment, furniture and fixtures	441,913	428,594
Vehicles	384,446	352,228
Construction in process	<u>111,159</u>	<u>255,000</u>
	7,131,923	6,917,121
Less: accumulated depreciation	<u>(3,673,136)</u>	<u>(3,553,602)</u>
	<u>\$ 3,458,787</u>	<u>3,363,519</u>

(8) Postemployment Benefits Payable

Postemployment benefits are provided to a retired Executive Director of the Ranch under the terms of a contractual agreement. The agreement requires the Ranch to make monthly retirement payments equal to 70% of the retiree's salary as of the date of his retirement, adjusted for any social security benefits he also receives. For the years ended June 30, 2022 and 2021, respectively, annual payments totaled \$1,169 and \$0, respectively.

EDGEWOOD CHILDREN'S RANCH, INC.

Notes to Financial Statements

(8) Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Remainder trust (time restricted)	\$ 189,704	167,250
Other (purpose restricted)	34,120	-
Total restricted funds	<u>\$ 223,824</u>	<u>167,250</u>

(9) Contributions from Edgewood Ranch Endowment, Inc.

Edgewood Ranch Endowment, Inc. (the "Endowment") is a charitable entity established for the long-term benefit of the Ranch. One person serves on both the board of trustees of the Endowment and the Ranch's board. The goal of the Endowment was to accumulate a fund of \$1,000,000, the earnings from which would provide a stable source of operating income for the Ranch in the future. This was reached in 1999. The incorporating documents of the Endowment prohibit the use of the principal for any short-term financial needs the Ranch may have. The Ranch received grants of \$75,000 and \$87,500 from the Endowment for the years ended June 30, 2022 and 2021, respectively.

(10) Concentrations

Financial instruments which potentially subject the Ranch to concentrations of credit risk consist of cash and cash equivalents, investment securities, and other investments. The Ranch places its cash and investments with high quality credit institutions. At times, such cash and investments may be in excess of federally insured limits.

(11) Paycheck Protection Program (PPP) Loan

In February 2021 the Organization applied for and received a loan in the amount of \$167,757, pursuant to the Paycheck Protection Program (PPP) established by the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide relief in connection with the coronavirus pandemic. The note bears interest at 1% and is subject to a payment deferral period of six months. However, the notes and related interest are subject to forgiveness when the proceeds of the loan is used to fund payroll and other allowable expenses as defined by the PPP. As of June 30, 2021, the Organization incurred \$167,757 of qualifying expenditures and, accordingly, has recorded that amount as PPP grant revenue in the accompanying statement of activities. In addition, as a result of the forgiveness described herein, the loan balance is considered satisfied in full as of June 30, 2021.