IDAHO YOUTH RANCH, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR
YEAR ENDED JUNE 30, 2014)

IDAHO YOUTH RANCH, INC.
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(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2014)

INDEPENDENT AUDITORS' REPORT

Board of Directors
Idaho Youth Ranch, Inc.
Boise, Idaho

We have audited the accompanying financial statements of Idaho Youth Ranch, Inc., (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

Board of Directors
Idaho Youth Ranch, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Idaho Youth Ranch, Inc. as of June 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boise, Idaho
October 23, 2015

IDAHO YOUTH RANCH, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2014)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,649,222	$ 240,630
Investments	10,194,247	15,564,151
Accounts Receivable	128,415	120,294
Grants Receivable	63,618	105,749
Pledges Receivable	14,643	-
Cash Surrender Value of Life Insurance	-	407,470
Donated Assets Held for Investment	14,700	32,700
Prepaid Expenses and Deposits	227,570	191,101
Inventory	402,027	435,682
Trust Receivables	370,011	389,609
Total Current Assets	14,064,453	17,487,386
NONCURRENT ASSETS		
Idaho Youth Land Reserve	7,295,000	7,295,000
Land, Buildings, and Equipment, Less Accumulated Depreciation of $9,748,210 and $9,008,310, Respectively	16,914,673	16,742,385
Total Noncurrent Assets	24,209,673	24,037,385
Total Assets	$ 38,274,126	$ 41,524,771
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 544,202	$ 544,094
Annuities Payable	1,973	2,725
Accrued Personnel Costs and Other Expenses	1,208,750	1,225,944
Deferred Revenue	1,118,056	666,023
Line of Credit	-	79,239
Current Maturities of Long-Term Debt	237,191	229,146
Total Current Liabilities	3,110,172	2,747,171
NONCURRENT LIABILITIES		
Long-Term Debt, Less Current Maturities	5,753,728	5,985,453
Executive Retirement Agreements, Less Current Portion	330,205	323,643
Interest in Life Estate	3,277,935	3,576,739
Total Noncurrent Liabilities	9,361,868	9,885,835
Total Liabilities	12,472,040	12,633,006
NET ASSETS		
Unrestricted	20,434,774	23,794,998
Temporarily Restricted	782,107	620,033
Permanently Restricted	4,585,205	4,476,734
Total Net Assets	25,802,086	28,891,765
Total Liabilities and Net Assets	$ 38,274,126	$ 41,524,771

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2014)

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE					
Contributions	$ 1,084,534	$ 818,669	$ 108,471	$ 2,011,674	$ 2,447,113
Grants	5,000	552,673	-	557,673	464,272
Fundraising	11,300	170,655	-	181,955	95,094
Program Fees and Services	619,768	150,554	-	770,322	869,544
Social Enterprise	15,971,685	-	-	15,971,685	14,403,446
Rent	4,860	-	-	4,860	46,198
Interest and Dividends	271,101	136,388	-	407,489	375,538
Gain on Sale of Investments	1,385,380	-	-	1,385,380	1,216,649
Gain on Sale of Assets	626,991	-	-	626,991	38,806
Unrealized Gain (Loss) on Investments	(1,790,241)	-	-	(1,790,241)	785,475
Miscellaneous Income	142,455	2,551	-	145,006	15,395
Net Assets Released from Restrictions	1,669,416	(1,669,416)	-	-	-
Total Support and Revenue	20,002,249	162,074	108,471	20,272,794	20,757,530
EXPENSES					
Program Services:					
Residential	3,605,484	-	-	3,605,484	3,437,600
Community Services	677,709	-	-	677,709	575,223
Workforce Development	421,823	-	-	421,823	410,449
Social Enterprise	15,755,918	-	-	15,755,918	14,686,837
Total Program Expenses	20,460,934	-	-	20,460,934	19,110,109
Supporting Services:					
General and Administration	1,647,159	-	-	1,647,159	1,665,182
Fundraising	1,254,380	-	-	1,254,380	1,121,392
Total Supporting Services	2,901,539	-	-	2,901,539	2,786,574
Total Expenses	23,362,473	-	-	23,362,473	21,896,683
NET INCREASE (DECREASE) IN NET ASSETS	(3,360,224)	162,074	108,471	(3,089,679)	(1,139,153)
Net Assets - Beginning of Year	23,794,998	620,033	4,476,734	28,891,765	30,030,918
NET ASSETS - END OF YEAR	$ 20,434,774	$ 782,107	$ 4,585,205	$ 25,802,086	$ 28,891,765

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2014)

	2015							2014
	Program Services				Supporting Services			
	Residential	Community Services	Workforce Development	Social Enterprise	General and Administration	Fundraising	Total	Total
Salaries and Wages	$ 1,997,537	$ 437,924	$ 179,165	$ 6,357,292	$ 788,468	$ 605,782	$ 10,366,168	$ 9,518,963
Temporary Labor	-	-	-	1,181,821	1,086	-	1,182,907	1,394,532
Payroll Taxes and Insurance	245,933	49,738	28,963	721,363	130,215	46,198	1,222,410	1,064,760
Employee Benefits	191,836	42,593	14,535	920,370	105,702	44,802	1,319,838	1,111,995
Employee Job Related	29,877	9,088	5,194	77,429	12,051	9,054	142,693	147,756
Employee Recruitment	4,949	-	-	1,093	-	-	6,042	7,565
Business Travel and Meals	37,528	13,548	4,916	46,550	22,758	19,460	144,760	196,731
Client Health	22,612	155	174	-	-	-	22,941	19,672
Animal Therapy	52,836	-	-	-	-	-	52,836	28,938
Other Client Therapy	5,158	2,212	2,280	-	-	-	9,650	24,123
Client Necessities	134,651	8,584	1,780	-	-	-	145,015	159,779
Scholarships	670	-	-	-	22,611	-	23,281	13,862
Trainee Stipends	-	-	133,646	-	-	-	133,646	148,550
Occupancy	35,508	8,781	687	1,171,384	1,042	4,040	1,221,442	986,211
Utilities	160,363	14,554	2,252	932,387	25,296	5,996	1,140,848	1,075,246
Repairs and Maintenance	101,300	6,501	2,360	663,298	15,696	4,641	793,796	917,754
Equipment Rent	13,161	1,994	410	468,750	8,954	22,840	516,109	485,105
Depreciation and Amortization	317,008	13,382	14,953	708,860	83,846	21,216	1,159,265	1,024,366
Professional Services	61,172	24,277	12,106	92,433	211,431	69,319	470,738	471,050
Advertising and Promotions	24,938	12,962	8,628	257,418	11,068	70,120	385,134	388,485
Transportation Expense	38,538	11,109	679	244,746	11,778	1,574	308,424	309,930
General Supplies	66,293	8,081	4,894	403,188	60,296	240,080	782,832	931,648
Insurance	45,436	9,590	3,178	153,986	18,439	2,000	232,629	216,140
Credit Card and Bank Fees	3,572	1,453	162	305,887	2,008	13,600	326,682	289,217
Interest	3,391	777	626	103,408	93,897	14,669	216,768	172,320
Miscellaneous	11,217	406	235	11,884	20,517	58,989	103,248	67,951
Cost of Goods Sold - Purchased	-	-	-	439,408	-	-	439,408	284,139
Cost of Goods Sold - Other	-	-	-	492,963	-	-	492,963	439,895
Total	$ 3,605,484	$ 677,709	$ 421,823	$ 15,755,918	$ 1,647,159	$ 1,254,380	$ 23,362,473	$ 21,896,683

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Decrease in Net Assets	$ (3,089,679)	$ (1,139,153)
Adjustments to Reconcile Net Decrease in		
Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	1,159,265	1,024,366
Gain on Sale of Investments	(1,385,380)	(1,216,649)
Gain on Sale of Assets	(626,991)	(38,806)
Unrealized (Gain) Loss on Investments	1,790,241	(785,475)
Noncash Contributions of Investments	(343,784)	(521,801)
(Increase) Decrease in Assets:		
Accounts Receivable	(8,121)	7,038
Grants Receivable	42,131	(8,715)
Pledges Receivable	(14,643)	450
Cash Surrender Value of Life Insurance	(33,075)	(41,886)
Prepaid Expenses	(36,469)	(40,660)
Inventory	33,655	(177,373)
Trust Receivables, Net	11,350	10,000
Increase (Decrease) in Liabilities:		
Accounts Payable	108	(348,773)
Annuities Payable	(752)	(1,040)
Accrued Personnel Costs and Other Expenses	(10,632)	276,494
Deferred Revenue	452,033	601,030
Net Cash Used by Operating Activities	(2,060,743)	(2,400,953)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,972,099)	(1,410,736)
Proceeds from Sale of Property and Equipment	1,267,537	181,294
Proceeds from Sale of Life Insurance	440,545	-
Purchase of Idaho Youth Land Reserve	-	(1,000,000)
Proceeds from Sale of Donated Assets Held for Investment	18,000	250
Purchase of Investments	(5,610,939)	(4,146,735)
Proceeds from Sale of Investments	10,629,210	8,250,633
Net Cash Provided by Investing Activities	4,772,254	1,874,706
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Negative Cash Book Balance	-	77,417
Net (Payments on) Proceeds from Line of Credit	(79,239)	79,239
Principal Payments on Long-Term Debt	(223,680)	(119,036)
Net Cash Provided (Used) by Financing Activities	(302,919)	37,620
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,408,592	(488,627)
Cash and Cash Equivalents - Beginning of Year	240,630	729,257
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,649,222	$ 240,630
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash Paid for Interest	$ 218,382	$ 163,163
Noncash Contributions of Inventory and Other Items	$ 15,883,075	$ 14,227,256

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Nature of Operations

Idaho Youth Ranch, Inc. (the Organization) is a private, nonprofit organization incorporated in the state of Idaho on April 7, 1953. The Organization, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, maintains its headquarters in Boise, Idaho, and has operating facilities at several locations primarily within the state.

Programs and Services

The Organization provides the following services:

- Long-term residential care for at-risk youth
- Substance abuse treatment
- Emergency shelter service for abused, neglected, and runaway youth
- Counseling services for families and children
- Adoption services
- Workforce development for young adults
- Social enterprise

The Organization operates the following facilities/activities, all fully licensed by the state of Idaho.

Residential - Ranch Campus

This facility is located near Rupert, Idaho, and provides a structured residential program to remediate emotional and behavioral disturbances. An equestrian therapy program and 4-H program are operated as part of this facility.

Residential - Anchor House

This facility is located in Coeur d'Alene, Idaho, and provides structured community-based residential services, substance abuse treatment, education, and other related services to troubled youth.

Residential - Hays Shelter Home

This facility is located in Boise, Idaho, and provides short-term residential, transitional living, counseling, and educational services to abused, neglected, and homeless youth.

Community Services - Family Counseling

This program, based in Boise, Idaho, and Coeur d'Alene, Idaho, provides counseling and case management services designed to keep families together, reunite families that have experienced out-of-home care, improve family functioning, and, in some cases, prevent the need for out-of-home placement.

NOTE 1 ORGANIZATION (CONTINUED)

Programs and Services (Continued)

Community Services - Adoption Services

Based in Coeur d'Alene, Idaho, the Organization functions as a licensed adoption agency and provides comprehensive adoption services.

Workforce Development - YOUTHWORKS!

YOUTHWORKS! is a 16-month comprehensive job training and job placement program designed to assist at-risk youth ages 16 through 22 to develop the skills for a successful work experience. The program includes classroom instruction, on-the-job training in IYR thrift stores and local businesses, job placement, mentoring and oversight.

Social Enterprise

The Organization sells donated and purchased merchandise through retail thrift stores operated at 27 locations throughout Idaho and one location in Ontario, Oregon, one outlet store located in Boise, online book and collectible sales based out of Boise, and one vehicle sales lot in Boise. Storage and distribution warehouses are located in Boise, Twin Falls, Rupert, and Coeur d'Alene, Idaho. Proceeds from retail thrift operations provide some of the financial support for treatment programs and services. In addition, the stores provide community service and volunteer opportunities, work experience, and training for Idaho Youth Ranch program clients and other community members. The Organization makes affordable goods available to the general public and facilitates the re-use or recycling of items that would otherwise be discarded in state landfills.

Administration and Fundraising

The corporate, administrative, and fundraising offices are located in Boise, Idaho.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization follows financial statement presentation requirements issued by the Financial Accounting Standards Board (FASB) for not-for-profit entities. Under these provisions net assets, revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Resources that are free of donor-imposed restrictions. All revenues, expenses, gains, and losses that are not changes in temporarily or permanently restricted net assets are considered unrestricted. Any limitations on these funds are determined by the board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily Restricted Net Assets – Resources for which donor imposed restrictions will be met either by the passage of time or by satisfying the purpose of the restriction.

Permanently Restricted Net Assets – Resources which donors have specified must be maintained in perpetuity. The related income is temporarily restricted based on the donor's instructions.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For the purpose of the financial statements, the Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents. The Organization does not consider assets or other resources to be cash equivalents that would otherwise qualify if those resources are subject to temporary or permanent restrictions imposed by the donor (such as investments held to provide long-term operating support).

Outstanding checks which have been issued but not presented to the bank for payment may create negative book cash balances. The Organization's banking system replenishes its major bank accounts daily as checks issued are presented for payment. Such negative cash balances are included in accrued expenses on the statement of financial position and totaled $-0- and $77,417 as of June 30, 2015 and 2014, respectively. Changes in negative book cash balances from period to period are reported as a financing activity in the statement of cash flows.

The Organization maintains its cash deposits at various financial institutions which at times may exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through writing them off in the period in which they are determined to be uncollectible. Management determines whether accounts will be collected by regularly evaluating individual receivables. Recoveries of receivables previously written-off are recorded when received. Management determined that an allowance for doubtful accounts was not necessary as of June 30, 2015 and 2014.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Unconditional promises to give are recorded at net realizable value if expected to be collected within one year and at present value of future cash flows if expected to be collected over more than one year. Conditional promises to give are recorded when conditions are met as stipulated by the donor.

Cash Surrender Value of Life Insurance

The Organization has purchased life insurance policies on certain executives. Life insurance is recorded at its cash surrender value. All life insurance policies were terminated during the year ended June 30, 2015.

Inventory

Inventories are stated at the lower of cost or market, including merchandise that has been purchased for sale in the Organization's thrift stores and items donated to the thrift stores that have a readily determinable market value. The vast majority of thrift store inventory is comprised of donated merchandise without a readily determinable market value and no cost is assigned. Refer to the Revenue Recognition policy for further information.

Idaho Youth Land Reserve and Interest in Life Estate

The Idaho Youth Land Reserve represents $7,295,000 of property donated to the Organization during the year ended June 30, 2014. The donation was in return for a cash payment of $1,000,000 and the issuance of long-term debt in the amount of $2,494,266. The property was recorded at fair market value at the time of donation and will be held at carrying value on a subsequent basis. This property is located in Horseshoe Bend, Idaho and is subject to a life interest in real estate, whereby the Organization cannot use the asset until the earlier of its abandonment by the donors, or the death of both donors. During the period of life interest in real estate, the donors are responsible for all costs associated with the property, including real estate taxes.

Associated with the $7,295,000 Idaho Youth Land Reserve, the Organization recorded an interest in life estate in the amount of $3,789,534. This interest in life estate will be recorded into income each year based on the underlying changes in the age of the donors and changes in the interest rate environment. During the years ended June 30, 2015 and 2014, $298,804 and $212,795, respectively, was recorded into income and is included as a temporarily restricted contribution.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at original cost. Donated assets are recorded at fair market value at the date of donation. Generally, according to the Organization's capitalization policy, furniture, fixtures, equipment, and vehicles over $1,000, and buildings and improvements over $5,000, are capitalized, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. Depreciation is provided on a straight-line basis over the following estimated useful lives:

Land	Not Depreciated
Buildings and Improvements	10 - 50 Years
Furniture, Fixtures, and Equipment	3 - 20 Years
Vehicles	3 - 10 Years

Depreciation and amortization expense for the years ended June 30, 2015 and 2014 was $1,159,265 and $1,024,366, respectively.

Fair Value Measurements

FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at June 30, 2015 and 2014.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition

The Organization's investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments in equity securities, including common stocks, preferred stock, options, exchange traded funds, and American depository receipts that are traded on a national securities exchange are stated at the last quoted sales price. Investments in money market and mutual funds are valued at the net asset value of shares held on the valuation date. Investments in the alternative funds are valued using the net asset value of units owned by the Organization, which are based on observable and unobservable market prices for the underlying assets, held by the alternative funds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Organization's gains and losses on investments bought and sold as well as held during the year.

Revenue Recognition

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions are segregated for accounting purposes in order to ensure compliance with the donor's wishes. The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor restrictions are placed on the donated assets. Cash donations that are specified for the purchase of land, buildings, and equipment are classified as temporarily restricted until the designated asset has been acquired.

Noncash contributions which have a readily determinable market value or which are intended for internal use by the Organization (such as equipment and supplies) are recorded as revenue based upon their market value at the date of donation. Noncash contributions, which do not have a readily determinable market value or are not intended for internal use by the Organization (such as clothing and furniture donations to be sold at the thrift stores) are not recorded as revenue until a reliable estimate of fair value is determined or they are converted to cash.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Cost reimbursement grants are recorded as revenue when the costs are incurred. On multi-year grants, conditions need to be met in the current year to be eligible for the remainder of the grant funds. Accordingly, revenues are not recognized until the current year condition of the grant is met or the likelihood of having to return collected funds is remote.

Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities using cost centers. The Organization's policy is to allocate and record expenses to various cost centers based on the direct association of that expense to the particular cost center. Cost centers are segregated into individual programs, overall program administration, general administration, and fundraising. Costs that cannot be directly associated with only one cost center are allocated to cost centers based on defined percentages that differ depending on the type of expense. Allocation methods vary depending on the costs to be allocated and may be based on total expenses, total revenue, square footage, hours worked, or employee counts. Significant attention is focused to assure that only costs directly attributable to programs are allocated to programs. Remaining administrative and fundraising costs are not allocated to programs.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions at the date of the financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is subject to federal income tax only on net unrelated business income. The Organization currently has no unrelated business income and is not considered a private foundation within the meaning of Section 509(a) of the Internal Revenue Code and all charitable contributions are considered tax deductible.

The Organization's 2014, 2013, and 2012 tax years are open for examination by the Internal Revenue Service and various state taxing authorities.

Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through October 23, 2015, the date the financial statements were available to be issued.

NOTE 3 TRUST RECEIVABLES

The Organization has been designated as the beneficiary of several estates. Trust receivables represent amounts to be received from those estates. Generally, all of the trust receivables either bear interest as part of the agreement or represent an interest in assets that is being managed by the estate's trustee. Trust receivables are shown net of any associated unrealized gain (loss) of the underlying account balances on the statement of cash flows.

NOTE 4 FAIR VALUE OF INVESTMENTS

The following table sets forth by level within the fair value hierarchy, the Organization's assets and liabilities at June 30, 2015:

	Level 1	Level 2	Level 3	Total
Assets:				
Alternative Investments:				
International Equity	$ -	$ 592,414	$ -	$ 592,414
Fund of Funds	-	-	1,254,493	1,254,493
Common Stocks:				
Consumer Discretionary	322,374	-	-	322,374
Consumer Staples	124,987	-	-	124,987
Energy	88,749	-	-	88,749
Financial	319,685	-	-	319,685
Healthcare	265,516	-	-	265,516
Industrials	242,027	-	-	242,027
Materials	131,789	-	-	131,789
Technology	389,705	-	-	389,705
Telecommunications	20,097	-	-	20,097
Utility	39,635	-	-	39,635
Mutual Funds:				
Domestic Equity	1,525,135	-	-	1,525,135
Fixed Income	2,616,968	-	-	2,616,968
International Equity	1,255,209	-	-	1,255,209
Real Assets/Commodities	466,314	-	-	466,314
World Allocation	539,150	-	-	539,150
Total Investments	$ 8,347,340	$ 592,414	$ 1,254,493	$ 10,194,247

The following table sets forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2015.

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments:				
International Fund	$ 592,414	$ -	Monthly	30 days
Fund of Funds	1,254,493	-	Quarterly	90 days

The International Fund is a hedge fund that invests primarily in international equities and forward currency exchange contracts. The objective of the International Fund is to seek long-term capital appreciation by investing primarily in equity securities of issuers located outside the United States, primarily mid- to large-capitalization companies. The International Fund may also purchase and sell forward foreign currency exchange contracts in non-US currencies in connection with its investments.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

The Fund of Funds is a hedge fund that invests in other hedge funds. The objective of the Fund of Funds is to seek capital appreciation with an attractive risk-adjusted rate of return over a complete market cycle. In pursuit of the objective, the Fund of Funds may allocate substantially all of its assets across a variety of investment vehicles, generally with fixed income and equity orientations, covering many different investment styles.

The following table sets forth by level within the fair value hierarchy, the Organization's assets and liabilities at June 30, 2014:

	Level 1	Level 2	Level 3	Total
Assets:				
Alternative Investments:				
International Equity	$ -	$ 2,117,801	$ -	$ 2,117,801
Fund of Funds	-	-	1,254,246	1,254,246
Common Stocks:				
Consumer Discretionary	688,334	-	-	688,334
Consumer Staples	396,063	-	-	396,063
Energy	651,461	-	-	651,461
Financial	1,111,741	-	-	1,111,741
Healthcare	532,585	-	-	532,585
Industrials	464,185	-	-	464,185
Materials	417,644	-	-	417,644
Technology	956,496	-	-	956,496
Telecommunications	149,273	-	-	149,273
Utility	22,806	-	-	22,806
Mutual Funds:				
Fixed Income	3,809,322	-	-	3,809,322
International Equity	1,356,159	-	-	1,356,159
Real Assets/Commodities	607,838	-	-	607,838
World Allocation	1,042,177	-	-	1,042,177
	12,206,084	2,117,801	1,254,246	15,578,131
Liabilities:				
Call Options	(13,980)	-	-	(13,980)
Total Investments	$ 12,192,104	$ 2,117,801	$ 1,254,246	$ 15,564,151

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30:

	Alternative Investment	
	2015	2014
Balance, Beginning of Year	$ 1,254,246	$ 1,132,498
Total Unrealized Gains Relating to Instruments Still Held at the Reporting Date	247	121,748
Balance, End of Year	$ 1,254,493	$ 1,254,246

NOTE 5 LAND, BUILDINGS, AND EQUIPMENT

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

	2015	2014
Land and Improvements	$ 7,142,541	$ 5,961,984
Buildings and Improvements	14,102,435	14,554,351
Furniture and Equipment	3,925,157	3,711,468
Vehicles	1,026,857	1,123,072
Loan Origination and Asset Acquisition Fees	114,643	108,393
	26,311,633	25,459,268
Less: Accumulated Depreciation and Amortization	(9,748,210)	(9,008,310)
	16,563,423	16,450,958
Construction in Progress	351,250	291,427
Total	$ 16,914,673	$ 16,742,385

The Organization's construction in progress pertained to various projects estimated to be completed in the near term.

NOTE 6 GIFT ANNUITIES

During prior years, the Organization was the beneficiary of charitable gift annuities. Under the terms of the split interest agreement, the Organization agrees to pay a stated dollar amount to the donor until the donor's death. At the time of the donor's death, the remaining assets are available for the unrestricted use of the Organization. Based on donor life expectancy, the present value of future benefits expected to be paid by the Organization was estimated to be $1,973 and $2,725 for the years ended June 30, 2015 and 2014, respectively. The Organization made payments to annuitants in the amount of $17,607 and $17,713 for the years ended June 30, 2015 and 2014, respectively. Of the total amount paid, $752 and $1,040 were recorded as a reduction in the liability and $16,855 and $16,673 were recorded as an expense for the years ended June 30, 2015 and 2014, respectively.

NOTE 7 NOTES PAYABLE

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

Description	2015	2014
D.L. Evans Bank; Monthly Payments of $22,202, Including Interest at 4.17%; Maturing December 2031; Collateralized by Buildings	$ 3,578,876	$ 3,691,402
Private Party; Annual Payments of $160,000, Including Interest at 2.50%; Maturing May 2034; Collateralized by Idaho Youth Land Reserve	2,396,623	2,494,266
US Bank; Capital Lease Obligation; Monthly Payments of $1,221, Including Interest at 5.00%; Maturing August 2016; Collateralized by Equipment	15,420	28,931
Total	5,990,919	6,214,599
Less: Current Maturities	237,191	229,146
Long-Term Debt	$ 5,753,728	$ 5,985,453

The borrowing under the D.L. Evans Bank loan are subject to certain financial covenants. As of June 30, 2015, the Organization was out of compliance with these covenants. A formal written waiver was obtained from D.L. Evans Bank.

Scheduled principal payments on long-term debt are as follows as of June 30, 2015:

Year Ending June 30,	Amount
2016	$ 237,191
2017	231,947
2018	238,569
2019	246,754
2020	255,235
Thereafter	4,781,223
Total	$ 5,990,919

NOTE 8 LINE OF CREDIT

The Organization entered into a revolving line of credit with Wells Fargo Bank, National Association (Wells Fargo) on February 3, 2009. The line of credit was most recently amended on February 10, 2015, and currently has a maximum available amount of $1,000,000. The line of credit accrues interest based upon a variable rate of interest equal to the prime rate and is subject to an interest rate floor of 3.25%. Interest is due on a monthly basis. The line of credit expires on March 5, 2016, with all unpaid sums due at that time. The line of credit is secured by inventory, accounts receivable, and equipment of the Organization. The outstanding line of credit balance for the years ended June 30, 2015 and 2014 was $-0- and $79,239, respectively.

NOTE 9 RESTRICTED FUNDS

Temporarily Restricted

Temporarily restricted net assets were available for the following purposes as of June 30:

	2015	2014
Restricted for Scholarships	$ 227,608	$ 218,682
Restricted for Annuities	1,973	2,725
Restricted for Life Estate	522,799	223,995
Restricted for Specific Programs	29,727	174,631
Total	$ 782,107	$ 620,033

The investment income earned by the temporarily restricted categories above is temporarily restricted for the same purpose as the underlying balances.

Temporarily restricted net assets were released from restrictions for the following purposes during the years ended June 30:

	2015	2014
Restricted for Scholarships	$ 22,611	$ 13,862
Restricted for Annuities	752	1,040
Restricted for Specific Programs	1,646,053	1,561,148
Total	$ 1,669,416	$ 1,576,050

Permanently Restricted

Permanently restricted net assets were restricted for the following purposes as of June 30:

	2015	2014
Restricted for General Endowment	$ 2,662,130	$ 2,579,749
Restricted for Scholarships	891,326	891,326
Restricted for Specific Programs	1,031,749	1,005,659
Total	$ 4,585,205	$ 4,476,734

NOTE 9 RESTRICTED FUNDS (CONTINUED)

Permanently Restricted (Continued)

The investment income earned by the general endowment funds is temporarily restricted and may be used according to the board of director's discretion. The investment income earned by the scholarship funds is temporarily restricted to providing youth scholarships. The investment income earned by program specific funds is temporarily restricted to provide for those programs.

NOTE 10 ENDOWMENTS

The Organization receives certain gift assets restricted for endowment purposes. The gift assets are generally donor directed for a variety of purposes. Restriction requirements for principal preservation are addressed by Idaho statute and are applicable in the absence of further guidance from the donor. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Idaho enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and the Organization has determined that the majority of the Organization's net assets do not meet the definition of endowment under UPMIFA. The endowment subject to UPMIFA, and other investment assets, are managed per the Investment Policy and most contributions are subject to the terms of the Gift Acceptance Policy. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Organization. The Organization has interpreted UPMIFA as requiring preservation of the fair value of the original gift, as of the gift date, for donations permanently restricted to the endowment by the donor, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated with permanent restrictions, (b) the original value of subsequent gifts with permanent restrictions, and (c) accumulations to the permanent accounts made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments:

(1) The duration and preservation of the fund.
(2) The purposes of the Organization and the donor-restricted endowment.
(3) General economic conditions.
(4) The possible effect of inflation and deflation.
(5) The expected total return from income and the appreciation of investments.
(6) Other resources of the Organization.
(7) The investment policies of the Organization.

Following are the changes in endowment net assets for the fiscal years ended June 30:

	2015			
	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning of Year Balance	$ -	$ 218,682	$ 4,476,734	$ 4,695,416
Contributions	-	100	108,471	108,571
Investment Income	-	134,060	-	134,060
Appropriated for Expenditures	-	(125,234)	-	(125,234)
End of Year Balance	$ -	$ 227,608	$ 4,585,205	$ 4,812,813

	2014			
	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning of Year Balance	$ -	$ 210,820	$ 3,874,592	$ 4,085,412
Contributions	-	-	602,142	602,142
Investment Income	-	84,436	-	84,436
Appropriated for Expenditures	-	(76,574)	-	(76,574)
End of Year Balance	$ -	$ 218,682	$ 4,476,734	$ 4,695,416

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2015 or 2014.

NOTE 10 ENDOWMENTS (CONTINUED)

Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner as to provide for safety of principal through diversification of investments while growing the corpus in real, inflation-adjusted terms after spending and expenses. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Organization has a policy of financial status review to determine an appropriate annual distribution to be expended for the purposes in which the endowment was established. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 EXECUTIVE RETIREMENT AGREEMENTS

The Organization has adopted individual supplemental executive retirement agreements. These agreements have been classified as deferred compensation, pursuant to which the Organization will pay supplemental retirement benefits to certain key employees upon retirement, subject to forfeiture, if termination occurs prior to reaching normal retirement age. There is no funding requirement for the Organization. The estimated liability for this retirement benefit obligation is $345,571 and $338,620 as of June 30, 2015 and 2014, respectively, and is included in accrued personnel costs and other expenses and executive retirement agreements, less current portion in the statement of financial position. The liability is based on the discounted present value of the expected future payments earned to date. Expense related to the agreements, totaled $23,869 and $26,314 for the years ended June 30, 2015 and 2014, respectively.

NOTE 12 RETIREMENT PLAN

The Organization sponsors the Idaho Youth Ranch 401(k) Plan (the Plan). Employees are eligible to participate in the salary reduction arrangement in the Plan after 60 days of service with the Organization and attaining age 18. Employees are eligible to participate in Organization matching contributions after completion of one year of service. The Organization made matching contributions of $70,023 and $56,379 for the years ended June 30, 2015 and 2014, respectively.

NOTE 13 OPERATING LEASES

The Organization has entered into ten operating leases for thrift store, warehouse, and program services space. The leases require monthly rental payments and have various commencement and expiration dates through February 2022.

Minimum future rental payments under the long-term operating leases as of June 30, 2015 are as follows:

Year Ending June 30,	Amount
2016	$ 1,131,980
2017	1,113,788
2018	869,980
2019	715,648
2020	544,884
Thereafter	582,326

The Organization also rents property and equipment on an as needed, month-to-month basis.

Total rent expense under operating leases was $1,690,466 and $1,458,704 for the years ended June 30, 2015 and 2014, respectively.