IDAHO YOUTH RANCH, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR
YEAR ENDED JUNE 30, 2016)

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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 Corporation), which comprise the statement of financial position as of June 30, 2017, 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 Idaho Youth Ranch, Inc. as of June 30, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boise, Idaho
November 2, 2017

IDAHO YOUTH RANCH, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016)

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,309,456	$ 654,787
Investments	6,183,627	6,094,819
Accounts Receivable	149,331	90,938
Grants Receivable	-	8,337
Current Portion of Pledges Receivable	272,623	1,002,939
Donated Assets Held for Investment	14,700	14,700
Prepaid Expenses and Deposits	207,622	220,147
Inventory	432,978	404,490
Trust Receivables	369,635	346,261
Total Current Assets	9,939,972	8,837,418
NONCURRENT ASSETS		
Idaho Youth Land Reserve	7,295,000	7,295,000
Investments, Less Current Above	5,615,104	5,209,160
Pledges Receivable, Less Current Portion	2,248,792	3,988,645
Land, Buildings, and Equipment, Less Accumulated Depreciation of $7,367,335 and $7,313,571, Respectively	16,231,309	15,273,430
Total Noncurrent Assets	31,390,205	31,766,235
Total Assets	$ 41,330,177	$ 40,603,653
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 457,912	$ 718,472
Annuities Payable	673	1,323
Accrued Personnel Costs and Other Expenses	1,203,078	1,320,233
Deferred Revenue	1,950,919	1,053,938
Line of Credit	65,961	-
Current Maturities of Long-Term Debt	265,228	231,887
Total Current Liabilities	3,943,771	3,325,853
NONCURRENT LIABILITIES		
Long-Term Debt, Less Current Maturities	5,823,039	5,527,383
Executive Retirement Agreements, Less Current Portion	335,571	331,920
Interest in Life Estate	3,558,355	2,969,211
Total Noncurrent Liabilities	9,716,965	8,828,514
Total Liabilities	13,660,736	12,154,367
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	15,840,111	17,127,789
Temporarily Restricted	6,214,226	6,112,337
Permanently Restricted	5,615,104	5,209,160
Total Net Assets	27,669,441	28,449,286
Total Liabilities and Net Assets	$ 41,330,177	$ 40,603,653

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2016)

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE					
Contributions	$ 2,014,732	$ 437,423	$ 405,944	$ 2,858,099	$ 8,130,104
Grants	193,838	750,151	-	943,989	431,028
Fundraising	-	99,678	-	99,678	187,138
Program Fees and Services	271,925	127,908	-	399,833	384,498
Social Enterprise	17,449,424	-	-	17,449,424	17,050,754
Rent	1,000	2,343	-	3,343	5,251
Interest and Dividends	187,342	36,210	-	223,552	306,880
Gain (Loss) on Sale of Investments	42,135	9,421	-	51,556	(74,964)
Gain (Loss) on Sale of Assets	201,989	(307)	-	201,682	(504,070)
Unrealized Gain (Loss) on Investments	754,593	162,862	-	917,455	(421,636)
Miscellaneous Income	33,130	261	-	33,391	32,287
Net Assets Released from Restrictions	1,524,061	(1,524,061)	-	-	-
Total Support and Revenue	22,674,169	101,889	405,944	23,182,002	25,527,270
EXPENSES					
Program Services:					
Residential	2,032,797	-	-	2,032,797	2,274,407
Community Services	1,376,210	-	-	1,376,210	1,122,289
Workforce Development	112,136	-	-	112,136	171,909
Social Enterprise	17,205,282	-	-	17,205,282	16,390,555
Total Program Expenses	20,726,425	-	-	20,726,425	19,959,160
Supporting Services:					
General and Administration	1,934,690	-	-	1,934,690	1,641,374
Fundraising	1,300,732	-	-	1,300,732	1,279,536
Total Supporting Services	3,235,422	-	-	3,235,422	2,920,910
Total Expenses	23,961,847	-	-	23,961,847	22,880,070
NET INCREASE (DECREASE) IN NET ASSETS	(1,287,678)	101,889	405,944	(779,845)	2,647,200
Net Assets - Beginning of Year	17,127,789	6,112,337	5,209,160	28,449,286	25,802,086
NET ASSETS - END OF YEAR	$ 15,840,111	$ 6,214,226	$ 5,615,104	$ 27,669,441	$ 28,449,286

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2016)

	2017							2016
	Program Services				Supporting Services			
	Residential	Community Services	Workforce Development	Social Enterprise	General and Administration	Fundraising	Total	Total
Salaries and Wages	$ 1,171,372	$ 851,069	$ 57,937	$ 7,071,393	$ 1,138,751	$ 689,375	$ 10,979,897	$ 10,173,205
Temporary Labor	-	1,195	-	1,081,200	-	2,050	1,084,445	1,116,158
Payroll Taxes and Insurance	139,360	93,980	6,841	742,804	113,000	60,655	1,156,640	1,185,383
Employee Benefits	118,334	64,558	6,074	1,154,304	112,199	44,814	1,500,283	1,291,659
Employee Job Related	20,054	49,438	1,733	72,401	28,465	14,886	186,977	165,797
Employee Recruitment	3,926	6,216	214	2,761	3,814	59	16,990	8,796
Business Travel and Meals	16,399	34,530	541	72,359	19,600	18,878	162,307	129,476
Client Health	8,244	1,057	34	-	-	-	9,335	9,477
Animal Therapy	18,802	-	-	-	-	-	18,802	13,246
Other Client Therapy	1,283	3,464	12	-	-	-	4,759	1,324
Client Necessities	71,940	24,568	2,443	-	-	-	98,951	60,691
Scholarships	231	1,945	524	-	31,259	-	33,959	26,183
Trainee Stipends	-	-	13,002	-	-	-	13,002	15,609
Occupancy	23,560	1,238	27	1,211,250	530	1,299	1,237,904	1,255,825
Utilities	47,433	35,798	1,083	1,194,359	33,231	4,734	1,316,638	1,236,577
Repairs and Maintenance	78,869	41,153	2,732	781,399	29,663	8,511	942,327	847,970
Equipment Rent	7,414	2,187	23	573,780	1,194	2,153	586,751	578,268
Depreciation and Amortization	105,614	28,026	2,502	699,598	45,636	9,215	890,591	1,071,340
Professional Services	19,708	17,017	7,304	88,972	176,171	61,230	370,402	416,993
Advertising and Promotions	75,822	59,374	5,370	160,977	12,602	249,205	563,350	595,442
Transportation Expense	32,674	11,019	814	271,634	3,166	873	320,180	298,430
General Supplies	41,649	24,799	1,566	367,065	60,216	55,236	550,531	613,911
Insurance	24,984	18,409	1,069	150,711	18,767	1,588	215,528	225,438
Credit Card and Bank Fees	1,823	2,494	68	357,274	10,111	15,100	386,870	359,388
Interest	745	790	76	125,787	74,247	6,600	208,245	209,209
Miscellaneous	2,557	1,886	147	20,141	22,068	54,271	101,070	97,173
Cost of Goods Sold - Purchased	-	-	-	168,751	-	-	168,751	187,299
Cost of Goods Sold - Other	-	-	-	836,362	-	-	836,362	689,803
Total	$ 2,032,797	$ 1,376,210	$ 112,136	$ 17,205,282	$ 1,934,690	$ 1,300,732	$ 23,961,847	$ 22,880,070

See accompanying Notes to Financial Statements.

IDAHO YOUTH RANCH, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Increase (Decrease) in Net Assets	$ (779,845)	$ 2,647,200
Adjustments to Reconcile Net Increase (Decrease) in		
Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	890,591	1,071,340
(Gain)/Loss on Sale of Investments	(51,556)	74,964
(Gain)/Loss on Sale of Assets	(201,682)	504,070
Unrealized (Gain)/Loss on Investments	(917,455)	421,636
Cash Received for Purchase of Long-Term Asset	-	(382,498)
Change in Liability for Interest in Life Estate	589,144	(308,724)
(Increase) Decrease in Assets:		
Accounts Receivable	(58,389)	37,477
Grants Receivable	8,337	55,281
Pledges Receivable	2,470,169	(4,976,941)
Cash Surrender Value of Life Insurance	-	-
Prepaid Expenses	12,528	7,423
Inventory	(28,507)	(2,463)
Trust Receivables, Net	9,800	9,800
Increase (Decrease) in Liabilities:		
Accounts Payable	(260,560)	174,270
Annuities Payable	(650)	(650)
Accrued Personnel Costs and Other Expenses	(113,494)	113,198
Deferred Revenue	896,979	(64,118)
Net Cash Provided (Used) by Operating Activities	2,465,410	(618,735)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,397,157)	(613,887)
Proceeds from Sale of Property and Equipment	313,267	679,720
Purchase of Investments	(364,881)	(4,056,722)
Proceeds from Sale of Investments	805,966	2,464,340
Net Cash Used by Investing Activities	(642,805)	(1,526,549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase on Line of Credit	65,961	-
Cash Received for Purchase of Long-Term Asset	-	382,498
Principal Payments on Long-Term Debt	(233,905)	(231,649)
Net Cash Provided (Used) by Financing Activities	(167,944)	150,849
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,654,661	(1,994,435)
Cash and Cash Equivalents - Beginning of Year	654,787	2,649,222
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,309,448	$ 654,787
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Financing of Property and Equipment	$ 562,900	$ -
Cash Paid for Interest	$ 208,669	$ 209,994
Noncash Contributions of Inventory and Other Items	$ 16,759,999	$ 17,574,564

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (IRC), maintains its headquarters in Boise, Idaho, and has operating facilities at several locations primarily within the state.

Programs and Services

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

Residential – Hands of Promise Ranch Interim

Located near Middleton, Idaho in Canyon County, this facility provides the setting for a structured residential program assisting children who are at risk due to abuse, neglect, family conflict, or abandonment. Services are tailored to meet each child's unique situation and may include animal assisted therapy, behavioral therapy, functional family therapy, and life skill development. An equestrian therapy program and a 4-H program are available as an integral part of the therapeutic services.

Residential – Hays House

Located in Boise, Idaho, this facility provides emergency short-term residential care, crisis intervention, and safe shelter for Treasure Valley homeless and runaway children ranging from 9 to 18 years of age.

Residential – Anchor House

Located in Coeur d'Alene, Idaho, services included structured community-based residential care, substance abuse treatment, educational recovery, service learning, and related counseling for children struggling with dangerous behavior, conflict at school or conflict at home. Residential services were phased out of this facility in August of 2015 transitioning to an outpatient, community-services counseling program.

Community Services – Family Counseling

This program is based in Boise, Idaho and at Anchor House in Coeur d'Alene, Idaho. Counseling and case management services are designed to keep families together, reunite families who have experienced out-of-home care, improve family functioning, and in some cases prevent the need for out-of-home placement. Therapy is targeted toward at-risk youth using the most comprehensive and effective techniques to direct vulnerable youth back to the path of a promising future. Blending three results-based therapies; Functional Family Therapy, Eagala Equine Therapy, and Dialectical Behavior Therapy the Idaho Youth Ranch provides a proven treatment model unavailable anywhere else in Idaho.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Programs and Services (Continued)

Community Services – Adoptions

Located in Coeur d'Alene, Idaho, a full range of adoption services are available. These include the placement of infants, special needs adoptions, home studies, post-placement supervision, international and interstate adoption support, and nonagency adoptions. An "open-adoption" philosophy is applied to help facilitate collaboration and cooperation between birth parents and adoptive parents throughout the child's lifetime.

Workforce Development – YouthWorks!

YouthWorks! is a comprehensive job training and job placement program created to help disadvantaged young people from the ages of 16 to 22 develop the skills they need to find and keep meaningful employment. The program includes classroom instruction, on-the-job training in Idaho Youth Ranch thrift stores and local businesses, job placement, one-on-one mentoring, and oversight.

Social Enterprise

The Organization sells donated and purchased merchandise through retail thrift stores operated at 29 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 nonprofit entities. Under these provisions, net assets, revenues, gains, and losses are classified based on donor-imposed restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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).

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, 2017 and 2016.

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.

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 year ended June 30, 2017, a net increase of $589,144 was recorded to the Liability for Interest in Life Estate and resulted in a corresponding decrease in temporarily restricted contributions. During the year ended June 30, 2016, a net decrease of $308,724 was recorded to the Liability for Interest in Life Estate and resulted in a corresponding increase in temporarily restricted contributions in the statement of activities.

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 to 50 Years
Furniture, Fixtures, and Equipment	3 to 20 Years
Vehicles	3 to 10 Years

Depreciation and amortization expense for the years ended June 30, 2017 and 2016 was $890,591 and $1,071,340, 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, 2017 and 2016.

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)

Contributions of a conditional nature with specified terms are recorded to deferred revenue when received and revenue is recognized as the funds are expended as instructed by the donor. In the event conditions are not met the unused contribution would be returned to the donor.

Gift cards sold and loyalty points earned are recorded as deferred revenue until used and the revenue is earned. Revenues for ticket sales that are refundable are deferred until the event occurs.

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, 2016, 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 IRC 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 IRC and all charitable contributions are considered tax deductible.

Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through November 2, 2017, 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 PLEDGES RECEIVABLE

Pledges Receivable consisted of the following as of June 30, 2017:

Collection Period	Pledges Receivable	Discount	Net Pledges Receivable
Within One Year	280,000	(7,377)	272,623
Between One to Five Years	2,265,000	(16,208)	2,248,792
Total	2,545,000	(23,585)	2,521,415

Pledges Receivable consisted of the following as of June 30, 2016:

Collection Period	Pledges Receivable	Discount	Net Pledges Receivable
Within One Year	1,017,499	(14,560)	1,002,939
Between One to Five Years	4,015,500	(26,855)	3,988,645
Total	5,032,999	(41,415)	4,991,584

Conditional pledges totaled $-0- and $803,703 as of June 30, 2017 and 2016, respectively. Based on the conditional terms defined in the donor agreements any such pledges have been excluded from the financial statements for the respective years then ended.

NOTE 5 FAIR VALUE OF INVESTMENTS

The following table sets forth by level with the fair value hierarchy, the Organization's assets and liabilities at June 30, 2017:

	Level 1	Level 2	Level 3	Total
Assets:				
Alternative Investments:				
Fund of Funds	$ -	$ -	$ 936,781	$ 936,781
Common Stocks:				
Consumer Discretionary	377,141	-	-	377,141
Consumer Staples	85,056	-	-	85,056
Energy	45,805	-	-	45,805
Financial	343,110	-	-	343,110
Healthcare	200,878	-	-	200,878
Industrials	281,414	-	-	281,414
Materials	62,377	-	-	62,377
Technology	348,833	-	-	348,833
Telecommunications	19,617	-	-	19,617
Mutual Funds:				
Domestic Equity	2,506,349	-	-	2,506,349
Fixed Income	3,676,967	-	-	3,676,967
International Equity	2,263,754	-	-	2,263,754
Real Assets/Commodities	184,982	-	-	184,982
World Allocation	465,667	-	-	465,667
Total Investments	$ 10,861,950	$ -	$ 936,781	$ 11,798,731

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, 2017:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments:				
Fund of Funds	936,781	-	Quarterly	90 days

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.

NOTE 5 FAIR VALUE OF INVESTMENTS (CONTINUED)

The following table sets forth by level within the fair value hierarchy, the Organization's assets and liabilities at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Assets:				
Alternative Investments:				
Fund of Funds	$ -	$ -	$ 883,994	$ 883,994
Common Stocks:				
Consumer Discretionary	310,214	-	-	310,214
Consumer Staples	122,388	-	-	122,388
Energy	41,076	-	-	41,076
Financial	305,482	-	-	305,482
Healthcare	178,293	-	-	178,293
Industrials	222,555	-	-	222,555
Materials	66,456	-	-	66,456
Technology	244,493	-	-	244,493
Telecommunications	24,576	-	-	24,576
Mutual Funds:				
Domestic Equity	3,409,449	-	-	3,409,449
Fixed Income	3,421,878	-	-	3,421,878
International Equity	1,262,625	-	-	1,262,625
Real Assets/Commodities	396,029	-	-	396,029
World Allocation	414,471	-	-	414,471
Total Investments	$ 10,419,985	$ -	$ 883,994	$ 11,303,979

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, 2016:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments:				
Fund of Funds	$ 883,994	$ -	Quarterly	90 days

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	
	2017	2016
Balance - Beginning of Year	$ 883,994	$ 1,254,493
Withdrawals	-	(241,813)
Total Unrealized Gains Relating to Instruments Still Held at the Reporting Date	52,787	(128,686)
Balance - End of Year	$ 936,781	$ 883,994

NOTE 6 LAND, BUILDINGS, AND EQUIPMENT

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

	2017	2016
Land and Improvements	$ 7,137,742	$ 6,818,322
Buildings and Improvements	11,468,331	11,178,756
Furniture and Equipment	2,709,734	3,114,964
Vehicles	893,508	946,076
Loan Origination and Asset Acquisition Fees	114,643	114,643
Total	22,323,958	22,172,761
Less: Accumulated Depreciation and Amortization	(7,367,335)	(7,313,571)
Total	14,956,623	14,859,190
Construction in Progress	1,274,688	414,240
Total	$ 16,231,311	$ 15,273,430

The Organization’s construction in progress pertained to various projects, some of which are estimated to be completed in the near term. Amounts relating to long-term construction totaled $998,928 as of June 30, 2017.

NOTE 7 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 $673 and $1,323 for the years ended June 30, 2017 and 2016, respectively. The Organization made payments to annuitants in the amount of $16,737 and $16,928 for the years ended June 30, 2017 and 2016, respectively. Of the total amount paid, $650 was recorded as a reduction in the liability for both years and $16,087 and $16,278 were recorded as an expense for the years ended June 30, 2017 and 2016, respectively.

NOTE 8 NOTES PAYABLE

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

Description	2017	2016
D.L. Evans Bank; monthly payments of $22,202, including interest at 4.17%; maturing December 2031; collateralized by buildings	$ 3,338,710	$ 3,461,516
Private party; annual payments of $160,000, including interest at 2.50%; maturing May 2034; collateralized by Idaho Youth Land Reserve	2,193,951	2,296,538
Wells Fargo Bank; monthly payments of $4,467, including interest at 5.20%; maturing April 2027; collateralized by real property and buildings	548,140	-
Allied Business Solutions; capital lease obligation; monthly payments of $145, including interest at 5.54%; maturing May 2022; collateralized by equipment	7,464	-
US Bank; capital lease obligation; monthly payments of $1,221, including interest at 5.00%; paid off August 2016; collateralized by equipment	-	1,216
Total	6,088,265	5,759,270
Less: Current Maturities	265,228	231,887
Total Long-Term Debt	$ 5,823,037	$ 5,527,383

The borrowing under the D.L. Evans Bank and Wells Fargo Bank are subject to certain financial covenants, including fixed charge coverage ratio, measured annually, that were not met as of June 30, 2017. For the specific covenants not satisfied, the lenders provided a written waiver as of June 30, 2017. The Organization is not aware of any other noncompliance with financial covenants.

Scheduled principal payments on long-term debt are as following as of June 30, 2017:

Year Ending June 30,	Amount
2018	$ 265,228
2019	275,226
2020	285,228
2021	295,621
2022	294,524
Thereafter	4,672,438
Total	$ 6,088,265

NOTE 9 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 April 6, 2017, and currently has a maximum available amount of $2,000,000. The line of credit accrues interest based upon a variable rate of interest equal to the prime rate and is due on a monthly basis. The line of credit expires on April 5, 2018, 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 balance on the line of credit totaled $65,961 and $-0- as of June 30, 2017 and 2016, respectively.

NOTE 10 RESTRICTED FUNDS

Temporarily Restricted

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

	2017	2016
Restricted for Scholarships	$ 246,154	$ 172,793
Restricted for Annuities	673	1,323
Restricted for Life Estate	242,379	831,523
Restricted for Capital Campaign	5,627,486	5,077,374
Restricted for Specific Programs	97,534	29,324
Total	$ 6,214,226	$ 6,112,337

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:

	2017	2016
Restricted for Scholarships	$ 31,259	$ 24,191
Restricted for Annuities	650	650
Restricted for Specific Programs	1,492,152	777,358
Total	$ 1,524,061	$ 802,199

Permanently Restricted

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

	2017	2016
Restricted for General Endowment	$ 3,392,912	$ 3,268,430
Restricted for Scholarships	893,226	891,326
Restricted for Specific Programs	1,328,966	1,049,404
Total	$ 5,615,104	$ 5,209,160

NOTE 10 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 11 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 11 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:

	2017			
	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning of Year Balance	$ -	$ 172,793	$ 5,209,160	$ 5,381,953
Contributions	-	63,545	405,944	469,489
Investment Income	-	41,075	-	41,075
Appropriated for Expenditures	-	(31,259)	-	(31,259)
End of Year Balance	$ -	$ 246,154	$ 5,615,104	$ 5,861,258

	2016			
	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning of Year Balance	$ -	$ 227,608	$ 4,585,205	$ 4,812,813
Contributions	-	-	623,955	623,955
Investment Income	-	8,103	-	8,103
Appropriated for Expenditures	-	(62,918)	-	(62,918)
End of Year Balance	$ -	$ 172,793	$ 5,209,160	$ 5,381,953

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, 2017 or 2016.

NOTE 11 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 12 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 $351,039 and $347,387 as of June 30, 2017 and 2016, 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 $23,355 and $23,869 for the years ended June 30, 2017 and 2016, respectively.

NOTE 13 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 $71,748 and $62,515 for the years ended June 30, 2017 and 2016, respectively.

NOTE 14 OPERATING LEASES

The Organization has entered into 10 operating leases for thrift store, warehouse, and program services space. The leases require monthly rental payments and have various commencement and expiration dates through December 2027.

Minimum future rental payments under the long-term operating leases as of June 30, 2017 are as follows:

Year Ending June 30,		Amount
2018	$	1,149,655
2019		1,007,224
2020		834,624
2021		682,251
2022		417,528
Thereafter		1,390,528

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

Total rent expense under operating leases was $1,201,503 and $1,172,824 for the years ended June 30, 2017 and 2016, respectively.