REPORT OF INDEPENDENT AUDITORS
AND COMBINED FINANCIAL STATEMENTS

CAL FARLEY'S BOYS RANCH AND SUBSIDIARY AND CAL FARLEY'S BOYS RANCH FOUNDATION

September 30, 2020 and 2019

MOSSADAMS

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Report of Independent Auditors

To the Board of Directors
Cal Farley's Boys Ranch and Subsidiary and
Cal Farley's Boys Ranch Foundation

Report on Financial Statements

We have audited the accompanying combined statement of financial position of Cal Farley's Boys Ranch and Subsidiary, and Cal Farley's Boys Ranch Foundation (collectively referred to as the Organization), as of September 30, 2020 and 2019, and the related combined statements of activities, cash flows and statement of functional expenses for the years then ended. Our responsibility is to express an opinion on these combined financial statements based on our audits.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with the 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's 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 combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Cal Farley's Boys Ranch and Subsidiary, and Cal Farley's Boys Ranch Foundation as of September 30, 2020 and 2019, and the related combined statements of activities, cash flows and functional expenses for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Albuquerque, New Mexico
February 23, 2021

Cal Farley's Boys Ranch and Subsidiary
and Cal Farley's Boys Ranch Foundation
Combined Statements of Financial Position

ASSETS

	September 30, 2020	September 30, 2019
ASSETS		
Cash and cash equivalents	$ 6,342,484	$ 4,199,393
Accrued interest receivable	111,981	167,946
Other receivables	460,694	616,358
Unconditional promises to give	20,735,400	21,865,441
Prepaid expenses	1,130,977	289,905
Inventories	1,004,587	1,014,840
Investments without donor restrictions	347,411,765	338,317,935
Investments with donor restrictions	46,894,618	45,623,503
Beneficial interest in perpetual trusts	36,033,210	35,325,083
Property and equipment, net	28,045,480	30,251,799
Total assets	$ 488,171,196	$ 477,672,203

LIABILITIES AND NET ASSETS

	2020	2019
LIABILITIES		
Accounts payable	$ 967,450	$ 1,241,740
Accrued liabilities	2,181,761	2,059,689
Gift annuity liability	2,065,828	2,147,326
Note payable - PPP	3,749,700	-
Total liabilities	8,964,739	5,448,755
NET ASSETS		
Without donor restrictions	375,763,694	369,429,363
With donor restrictions	103,442,763	102,794,085
Total net assets	479,206,457	472,223,448
Total liabilities and net assets	$ 488,171,196	$ 477,672,203

	September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 20,016,649	$ 1,376,684	$ 21,393,333
Change in value of unconditional promises to give	-	(1,334,884)	(1,334,884)
Change in value of beneficial interest in perpetual trusts	-	708,127	708,127
Investment return			
Interest, dividends, and other	17,476,155	1,697,025	19,173,180
Realized gain	5,262,999	613,453	5,876,452
Unrealized gain	3,421,441	374,724	3,796,165
Change in value of mineral interests	277,440	-	277,440
Total investment return	26,438,035	2,685,202	29,123,237
Other income	260,554	-	260,554
Net assets released from restrictions - satisfaction of time or purpose restrictions	2,786,451	(2,786,451)	-
Total support and revenue	49,501,689	648,678	50,150,367
EXPENSES			
Program services			
Boys Ranch operations	26,897,915	-	26,897,915
Program support and alumni services	1,883,439	-	1,883,439
Total program services	28,781,354	-	28,781,354
Support services:			
Fund-raising activities	10,065,561	-	10,065,561
Administrative and general	4,322,910	-	4,322,910
Total support services	14,388,471	-	14,388,471
Total expenses	43,169,825	-	43,169,825
OTHER ACTIVITIES			
Net gain on insurance proceeds	2,467	-	2,467
CHANGE IN NET ASSETS	6,334,331	648,678	6,983,009
NET ASSETS, beginning of year	369,429,363	102,794,085	472,223,448
NET ASSETS, end of year	$ 375,763,694	$ 103,442,763	$ 479,206,457

See accompanying notes.

Cal Farley's Boys Ranch and Subsidiary
and Cal Farley's Boys Ranch Foundation
Combined Statements of Activities

	September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 20,563,836	$ 2,703,672	$ 23,267,508
Change in value of unconditional promises to give	-	6,354,298	6,354,298
Change in value of beneficial interest in perpetual trusts	-	(672,745)	(672,745)
Investment return			
Interest, dividends, and other	19,071,468	1,733,284	20,804,752
Realized loss	(349,437)	(31,267)	(380,704)
Unrealized loss	(2,080,888)	(182,902)	(2,263,790)
Change in value of mineral interests	822,137	-	822,137
Total investment return	17,463,280	1,519,115	18,982,395
Other income	183,651	-	183,651
Net assets released from restrictions - satisfaction of time or purpose restrictions	3,568,151	(3,568,151)	-
Total support and revenue	41,778,918	6,336,189	48,115,107
EXPENSES			
Program services			
Boys Ranch operations	28,007,791	-	28,007,791
Program support and alumni services	1,993,514	-	1,993,514
Community-based services	60,704	-	60,704
Total program services	30,062,009	-	30,062,009
Support services:			
Fund-raising activities	9,451,185	-	9,451,185
Administrative and general	4,520,061	-	4,520,061
Total support services	13,971,246	-	13,971,246
Total expenses	44,033,255	-	44,033,255
OTHER ACTIVITIES			
Net gain on insurance proceeds	15,464	-	15,464
CHANGE IN NET ASSETS	(2,238,873)	6,336,189	4,097,316
NET ASSETS, beginning of year	371,668,236	96,457,896	468,126,132
NET ASSETS, end of year	$ 369,429,363	$ 102,794,085	$ 472,223,448

	Years Ended September 30, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 6,983,009	$ 4,097,316
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	3,708,917	4,042,580
Net loss (gain) on disposal of property and equipment	470	(43,451)
Net realized (gain) loss on investments	(5,876,452)	426,696
Net unrealized (gain) loss on investments	(3,796,165)	2,263,790
Noncash donation of investments	(174,878)	(162,652)
Noncash donation of PPE	(779)	-
Restricted contributions	(1,376,684)	(2,703,672)
Investment income restricted for investment	(1,697,025)	(1,733,284)
Unrealized gain on mineral interests	(277,440)	(822,137)
Unrealized loss (gain) on unconditional promises to give	1,334,884	(6,354,298)
Unrealized (gain) loss on beneficial interest in perpetual trusts	(708,127)	672,745
Unrealized gain of gift annuities	(165,930)	(292,432)
Change in		
Accrued interest receivable	38,362	(23,371)
Other receivables	165,809	(236,103)
Unconditional promises to give	(204,843)	1,891,998
Prepaid expenses	(841,072)	(20,748)
Inventories	10,253	(6,473)
Beneficial interest in perpetual trusts	-	100,273
Accounts payable	(274,290)	259,721
Payables to related parties	(10,145)	-
Accrued liabilities	139,675	(391,196)
Gift annuity liability recognized as income upon death of donor	(75,568)	(39,608)
Net cash (used in) provided by operating activities	(3,098,019)	925,694
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(262,343,588)	(122,919,903)
Proceeds from maturities and sales of investments	262,103,578	122,040,372
Acquisitions of property and equipment	(1,502,289)	(3,652,796)
Proceeds from sale of property and equipment	-	47,671
Proceeds from gift annuities	160,000	295,000
Net cash used in investing activities	(1,582,299)	(4,189,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted primarily for property and equipment or scholarships	159,500	923,705
Proceeds from contributions with donor restriction for investment in permanent endowment	1,217,184	1,779,967
Investment income with donor restriction for investment	1,697,025	1,733,284
Proceeds from PPP Loan	3,749,700	-
Net cash provided by financing activities	6,823,409	4,436,956
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,143,091	1,172,994
CASH AND CASH EQUIVALENTS, beginning of year	4,199,393	3,026,399
CASH AND CASH EQUIVALENTS, end of year	$ 6,342,484	$ 4,199,393

See accompanying notes.

Cal Farley's Boys Ranch and Subsidiary
and Cal Farley's Boys Ranch Foundation
Combined Statement of Functional Expenses – Year Ended September 30, 2020

	Program Services			Support Services			
	Boys Ranch Operations	Program & Alumni Support	Total	Fund-raising Activities	Administrative and General	Total	Total Expenses
Salaries	$ 11,372,934	$ 1,159,727	$ 12,532,661	$ 997,092	$ 1,972,569	$ 2,969,661	$ 15,502,322
Payroll taxes	898,691	85,066	983,757	68,215	141,869	210,084	1,193,841
Employee benefits	2,589,848	184,591	2,774,439	139,592	313,762	453,354	3,227,793
Employment expenses	14,861,473	1,429,384	16,290,857	1,204,899	2,428,200	3,633,099	19,923,956
Utilities	583,765	27,860	611,625	-	196,455	196,455	808,080
Repairs and maintenance	599,253	25,055	624,308	137,808	303,897	441,705	1,066,013
Insurance	1,027,248	-	1,027,248	-	191,551	191,551	1,218,799
Supplies	51,883	880	52,763	4,210	10,487	14,697	67,460
Mail supplies	-	-	-	76,290	-	76,290	76,290
Postage	-	1,381	1,381	2,551,007	3,221	2,554,228	2,555,609
Mailing list	-	-	-	291,002	-	291,002	291,002
Printed material	-	-	-	5,154,606	-	5,154,606	5,154,606
Gift processing	-	-	-	240,937	-	240,937	240,937
Travel	32,231	-	32,231	28,942	17,007	45,949	78,180
Fuel	166,636	-	166,636	-	12,333	12,333	178,969
Moving	-	-	-	-	-	-	-
Client services	-	47,404	47,404	-	-	-	47,404
Contract/professional services	288,120	-	288,120	292,523	347,155	639,678	927,798
Program support	83,140	-	83,140	-	-	-	83,140
Legal expense	-	-	-	-	48,661	48,661	48,661
Home life	426,217	-	426,217	-	-	-	426,217
Tascosa films	-	-	-	-	-	-	-
Youth activities	405,281	-	405,281	-	-	-	405,281
Casework services	28,532	-	28,532	-	-	-	28,532
Day care	(155,108)	-	(155,108)	-	-	-	(155,108)
Campus operations	(9,260)	-	(9,260)	-	-	-	(9,260)
School	2,332,900	-	2,332,900	-	-	-	2,332,900
Dining hall	1,404,141	-	1,404,141	-	-	-	1,404,141
Country store/souvenir shop	(66,305)	-	(66,305)	-	-	-	(66,305)
Alumni program and scholarships	-	340,811	340,811	-	-	-	340,811
Health and hygiene	872,423	-	872,423	-	-	-	872,423
Chapel	25,390	-	25,390	-	-	-	25,390
Agriculture/food processing/horticulture	129,633	-	129,633	-	-	-	129,633
Community as lab	46,691	-	46,691	-	-	-	46,691
Training	-	1,223	1,223	-	-	-	1,223
Advertising	-	-	-	-	32,288	32,288	32,288
Marketing	-	-	-	852	184,322	185,174	185,174
Professional development	56,218	7,683	63,901	7,510	24,724	32,234	96,135
Laundry/custodial	54,866	-	54,866	-	-	-	54,866
Fund raising event	-	-	-	61,433	-	61,433	61,433
Safety/security	78,363	-	78,363	-	857	857	79,220
Fees, interest, penalties	1,756	-	1,756	9,456	7,984	17,440	19,196
Lease expense	91,373	-	91,373	-	40,580	40,580	131,953
Other expenses	76,358	1,758	78,116	4,086	168,968	173,054	251,170
Other operating expenses	23,493,218	1,883,439	25,376,657	10,065,561	4,018,690	14,084,251	39,460,908
Depreciation	3,404,697	-	3,404,697	-	304,220	304,220	3,708,917
Total functional expenses	$ 26,897,915	$ 1,883,439	$ 28,781,354	$ 10,065,561	$ 4,322,910	$ 14,388,471	$ 43,169,825

Cal Farley's Boys Ranch and Subsidiary
and Cal Farley's Boys Ranch Foundation
Combined Statement of Functional Expenses – Year Ended September 30, 2019

	Program Services				Support Services			
	Boys Ranch Operations	Program & Alumni Support	Community-based Services	Total	Fund-raising Activities	Administrative and General	Total	Total Expenses
Salaries	$ 11,303,610	$ 1,113,287	$ 38,549	$ 12,455,446	$ 966,362	$ 1,951,347	$ 2,917,709	$ 15,373,155
Payroll taxes	901,412	81,754	2,740	985,906	67,548	140,850	208,398	1,194,304
Employee benefits	2,460,636	170,835	4,740	2,636,211	136,203	349,267	485,470	3,121,681
Employment expenses	14,665,658	1,365,876	46,029	16,077,563	1,170,113	2,441,464	3,611,577	19,689,140
Utilities	682,019	27,475	1,463	710,957	-	213,732	213,732	924,689
Repairs and maintenance	580,279	38,503	92	618,874	76,113	215,199	291,312	910,186
Insurance	870,172	-	-	870,172	-	170,386	170,386	1,040,558
Supplies	58,013	1,273	-	59,286	2,715	12,160	14,875	74,161
Mail Supplies	-	-	-	-	124,217	-	124,217	124,217
Postage	-	1,491	6	1,497	1,960,442	3,011	1,963,453	1,964,950
Mailing list	-	-	-	-	200,774	-	200,774	200,774
Printed material	-	-	-	-	107,782	-	107,782	107,782
Travel	56,775	1,636	5,189	63,600	5,269,745	-	5,269,745	5,333,345
Fuel	245,297	-	-	245,297	60,132	27,247	87,379	332,676
Client services	-	40,471	-	40,471	-	15,784	15,784	56,255
Contract/professional services	303,115	-	-	303,115	-	-	-	303,115
Program support	64,039	-	-	64,039	234,472	327,858	562,330	626,369
Legal expense	-	-	8,222	8,222	-	-	-	8,222
Home life	488,331	-	-	488,331	-	88,355	88,355	576,686
Tascosa films	-			-	-	6,656	6,656	6,656
Youth activities	473,157	-	-	473,157			-	473,157
Casework services	30,696	-	-	30,696	-	-	-	30,696
Day care	(119,727)	-	-	(119,727)	-	-	-	(119,727)
Campus operations	(6,097)	-	-	(6,097)	-	-	-	(6,097)
School	3,106,449	-	-	3,106,449	-	-	-	3,106,449
Dining hall	1,430,746	-	-	1,430,746	-	-	-	1,430,746
Country store/souvenir shop	(25,123)	-	-	(25,123)	-	-	-	(25,123)
Alumni program and scholarships	-	498,215	-	498,215	-	-	-	498,215
Health and hygiene	1,009,475	-	-	1,009,475	-	-	-	1,009,475
Chapel	32,538	-	-	32,538	-	-	-	32,538
Agriculture/food processing/horticulture	154,813	-	-	154,813	-	-	-	154,813
Community as lab	51,075	-	-	51,075	-	-	-	51,075
Training	12	981	-	993	-	-	-	993
Advertising	-	-	-	-	-	24,275	24,275	24,275
Marketing	-	-	-	-	2,939	267,010	269,949	269,949
Professional development	49,405	14,573	147	64,125	9,469	34,520	43,989	108,114
Laundry/custodial	62,909	-	-	62,909	-	-	-	62,909
Fund raising event	-	-	-	-	222,968	-	222,968	222,968
Safety/security	75,144	-	-	75,144	-	1,312	1,312	76,456
Fees, interest, penalties	2,125	-	-	2,125	7,140	10,763	17,903	20,028
Lease Expense	59,372	-	-	59,372	749	35,842	36,591	95,963
Other expenses	25,755	3,020	(444)	28,331	1,415	163,276	164,691	193,022
Other operating expenses	24,426,422	1,993,514	60,704	26,480,640	9,451,185	4,058,850	13,510,035	39,990,675
Depreciation	3,581,369	-	-	3,581,369	-	461,211	461,211	4,042,580
Total functional expenses	$ 28,007,791	$ 1,993,514	$ 60,704	$ 30,062,009	$ 9,451,185	$ 4,520,061	$ 13,971,246	$ 44,033,255

See accompanying notes.

Note 1 – Organization

Cal Farley's Boys Ranch (Cal Farley's) is a nonprofit organization that provides professional programs and services in a Christ-centered atmosphere to strengthen families and support the overall development of children. The Cal Farley's campus-based, residential programs include our main campus of Cal Farley's Boys Ranch, located 36 miles northwest of Amarillo, Texas, which is a basic care facility for children and youth ages 5-18. Cal Farley's services include aftercare to its alumni through a college scholarship program, vocational attainment assistance, and various case management services. The Community Engagement Center in Amarillo was closed during the year ended September 30, 2019.

Tascosa Films, LLC (Tascosa) is a wholly owned subsidiary of Cal Farley's. The purpose of Tascosa is to create and share a film project. The film project will help to share the Cal Farley's mission and enhance awareness of Cal Farley's program to both potential clients and potential funders.

Cal Farley's Boys Ranch Foundation (the Foundation) is organized to provide financial support to Cal Farley's through investment and reinvestments of funds, properties and other donations of value received as contributions and support. The Board of Directors of the Foundation is elected by the Board of Directors of Cal Farley's.

Cal Farley's Campus Support Center is located in Amarillo, Texas, and provides administrative and fund-raising functions to Cal Farley's and the Foundation.

Note 2 – Summary of Significant Accounting Policies

Financial Statements Presentation
The combined financial statements include the accounts and transactions of Cal Farley, Tascosa and the Foundation (collectively, the Organization). Cal Farley's has majority voting and economic interest in the Foundation, and therefore the financial statements have been combined. The Organization's combined financial statements are reflected on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All material intercompany balances and transactions have been eliminated. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions
These net assets are not subject to stipulations imposed by the donor and are currently available for expenditures. Items that affect this net asset category principally consist of revenues, contributions without restrictions; restricted contributions whose donor imposed restrictions were met during the fiscal year, expenses, and gains and losses on investments and other assets whose use is not restricted by explicit donor stipulations or law. Net assets without donor restrictions also include net assets transferred from net assets with donor restrictions after temporary restrictions imposed by the donor have been accomplished or the stipulated time period has elapsed. A donor's restriction, however, may be released or modified by the donor, a court, or in the circumstances and manner set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Note 2 – Summary of Significant Accounting Policies (continued)

Net Assets with Donor Restrictions
These net assets are subject to explicit restrictions imposed by the donor on the expenditure of contributions or income and gains on contributed assets. These net assets may have stipulations by the donor to be maintained in perpetuity, such as an endowment, or the restrictions may expire due to the passage of time or the occurrence of expenditures that fulfill the restrictions. Net assets with donor restrictions also include accumulated net investment income earned by the net assets held in perpetuity.

Use of Estimates
The preparation of the combined financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. The Organization places its temporary cash investments with high credit quality financial institutions. The Organization maintains a Repurchase Agreement with a local bank and all excess funds are "swept" each night and redeposited the next day. Per the Repurchase Agreement, the "swept" amounts are not considered deposits of the bank; however, they are collateralized with pledged securities.

Other Receivables
Receivables are included in the accompanying combined statements of financial position at amount net of the allowance for doubtful accounts.

The Organization writes off receivables when they become uncollectible. However, the Organization has had minimal losses on accounts receivable in prior years and therefore no allowance was deemed necessary as of September 30, 2020 and 2019.

Unconditional Promises to Give
Unconditional promises to give consist of split interest agreements and multi-year pledges. Promises to give that are expected to be collected within one year are recorded at net realizable value. Multiyear pledges are recorded and calculated using the present value of an annuity and the interest element is reported as a contribution. Split interest agreements are recorded at fair value using the Organization's beneficial interest of the related assets.

An allowance for uncollectible accounts is estimated by management based on its historical loss analysis and is adjusted for those specific unconditional promises to give for which collection is uncertain. Such amounts will be written-off if and when they are deemed uncollectible.

Inventories
Purchased inventories are valued at cost, determined on the first-in, first-out basis. Certain livestock inventories are carried at estimated fair market value. Donated inventories are valued at market, determined at the time of the gift.

Note 2 – Summary of Significant Accounting Policies (continued)

Investments
Investments are recorded at fair value in accordance with Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures* (Note 4) and the realized and unrealized gains and losses on investments are recorded as increases or decreases in net assets with donor restriction and without donor restriction based upon donor imposed restrictions or applicable law.

Property and Equipment
Property and equipment are recorded at cost or estimated fair value at the date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets over their estimated service lives of approximately 10 to 40 years on buildings and improvements and 3 to 10 years on furniture, equipment, and machinery on a straight-line basis.

Impairment of Long-Lived Assets
Cal Farley's reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. As of September 30, 2020 and 2019, there was no impairment of long-lived assets.

Income Taxes
The Organization is exempt from federal income taxes on related income under Section 501 (a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in IRC Section 501 (c)(3). Further, the Organization has been classified as an organization that is not a private foundation under the IRC Section 509(a) and, as such, contributions to the Organization qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. Tascosa Films, LLC is a wholly owned subsidiary of Cal Farley's and therefore considered a disregarded entity for federal income tax purposes.

Financial Accounting Standards Board (FASB) provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax return to determine whether the tax positions are *more-likely-than-not* of being sustained *when challenged* or *when examined* by the applicable tax authority. Tax positions not deemed to meet the *more-likely-than-not* threshold would be recorded as a tax benefit or expense and liability in the current year. Management has determined that there are no material uncertain income tax positions.

Note 2 – Summary of Significant Accounting Policies (continued)

Revenue Recognition
Contributions – The Organization also follows FASB ASC Subtopic 958-605, *Not-for-Profit Entities: Revenue Recognition* (or ASC 958-605). Contributions received are recorded as without or with donor restriction depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at fair market value at the date of the contribution.

Gift Annuities – Gift annuities require the Foundation to pay a fixed amount periodically to designated beneficiaries. Under the charitable gift arrangement, the Foundation has recorded the assets at fair value, the present value of the expected future payments is recorded as a liability and the excess of the gift over such liability is recognized as contribution revenue without donor restriction. The Foundation maintains state-mandated, segregated reserves for its charitable gift annuity program. Reserve requirements vary by state, and the Foundation maintains its reserve accounts in accordance with those requirements. The reserve accounts are segregated in separate and distinct custodial accounts, independent from all other funds of the Foundation. They are not available to apply to payments of the debts and obligations of the Foundation or for any purpose other than funding for its charitable gift annuity program.

Recent Accounting Pronouncements
FASB Accounting Standards Update (ASU) 2016-02 and 2020-05 – *Leases:* Changes the way lessees will recognize leases as they will recognize most leases on-balance sheet and will increase reported assets and liabilities. Lessor accounting remains substantially similar to current U.S. GAAP. ASU 2016-02 is effective for annual periods beginning after December 15, 2020, and interim periods in fiscal years beginning after December 15, 2021. The ASU mandates a modified retrospective transition method for all entities. Management is currently evaluating the impact of this ASU, but does not anticipate a significant impact to the combined financial statements upon adoption.

FASB ASU 2018-08 – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* – This ASU provides clarification in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The guidance is applicable for transactions where the entity serves as the resource recipient beginning after December 15, 2018 and for transactions in which the entity serves as the resource provider beginning after December 15, 2019. The adoption of this standard did not have an impact on the combined financial statements.

FASB ASU 2020-07 – *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*: Requires the presentation of contributed nonfinancial assets, also known as gifts-in-kind, as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021 with early adoption permitted. Management is currently evaluating the impact of this ASU but does not anticipate it will have a significant impact on the combined financial statements upon adoption.

Note 3 – Unconditional Promises to Give

Cal Farley's anticipates collections of unconditional promises to give as follows at September 30:

	2020	2019
Less than one year	$ 304,165	$ 146,334
One to five years	4,095,120	5,568,382
More than five years	16,336,115	16,150,725
Total	$ 20,735,400	$ 21,865,441

As of September 30, 2020 and 2019, amounts presented above for split interest agreements were recorded at fair value using the Organization's beneficial interest of the related assets. Multi-year pledges were recorded at fair value using the present value of an annuity and the present value factor interest rate used was 0.40% and 2.20%, the IRS discount rate at September 30, 2020 and 2019. Cal Farley's has determined all amounts to be collectible.

Note 4 – Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020 and 2019.

Money market funds and other short-term investments are valued at cost plus accrued interest.

Government securities, taxable municipal securities and corporate bonds and notes are valued at the closing price reported on the major market on which the individual securities are traded or have reported broker trades which may be considered indicative of an active market. Where quoted prices are available in an active market, the investments are classified within Level 1 of the valuation hierarchy. If quoted prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, discounted cash flows and other observable inputs. Such securities would be classified within Level 2 of the valuation hierarchy.

Equity securities are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds are valued at the net asset value (NAV) of shares held and are valued at the closing price reported on the active market on which the individual securities are traded.

Cash value life insurance policies are valued based on the cash surrender value on the individual policy provided by the insurance carrier in which the Ranch is the beneficiary.

Note 4 – Fair Value Measurements (continued)

Real estate and mineral interests are valued by using significant unobservable inputs including, if available, discounted cash flow analysis, comparable analysis, or third-party appraisals (Level 3). The value of mineral interests reflects value of actual producing wells utilizing a third party valuation that is a standardized valuation method that takes the prior twelve months' revenue multiplied by a factor of three. Management reviews and evaluates the values provided by all third parties and agrees with the valuation methods and assumptions used in determining the fair value of the above investments.

Investments measured at NAV are assets measured at net asset value per share practical expedient and consist of the Organization's beneficial interest in perpetual trusts, hedge fund, closed end fund and private equity investments.

The investment expenses are netted against investment income. Investment expenses for the years ended September 30, 2020 and 2019 are approximately $1,505,000 and $1,577,000, respectively.

The following table presents information about the Organization's assets that are measured at fair value on a recurring basis (no liabilities are reported at fair value) as of September 30, 2020 and 2019, and indicates the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology 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.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Note 4 – Fair Value Measurements (continued)

Assets measured at fair value on a recurring basis at September 30, 2020 as follows:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds and				
other short-term investments	$ 8,731,911	$ -	$ -	$ 8,731,911
U.S. Government securities	5,068,443	11,357,505	-	16,425,948
Taxable municipal securities	-	689,202	-	689,202
Marketable equity securities	548,520	-	-	548,520
Mutual funds	244,070,490	-	-	244,070,490
Corporate bonds and notes	-	7,398,699	-	7,398,699
Cash value life insurance policy	-	1,531,837	-	1,531,837
Notes receivable	-	-	32,140	32,140
Real estate, mineral interests				
and other	-	-	9,000,371	9,000,371
Total assets in the fair value hierarchy	$ 258,419,364	$ 20,977,243	$ 9,032,511	288,429,118
Investments measured at net asset value (practical expedient)				141,910,475
Investments at fair value				$ 430,339,593

Assets measured at fair value on a recurring basis at September 30, 2019 as follows:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds and				
other short-term investments	$ 8,762,577	$ -	$ -	$ 8,762,577
U.S. Government securities	4,424,365	11,444,327	-	15,868,692
Marketable equity securities	651,550	-	-	651,550
Mutual funds	251,795,076	-	-	251,795,076
Corporate bonds and notes	-	7,039,714	-	7,039,714
Cash value life insurance policy	-	1,481,296	-	1,481,296
Notes receivable	-	-	35,503	35,503
Real estate, mineral interests				
and other	-	-	8,726,187	8,726,187
Total assets in the fair value hierarchy	$ 265,633,568	$ 19,965,337	$ 8,761,690	294,360,595
Investments measured at net asset value (practical expedient)				124,905,926
Investments at fair value				$ 419,266,521

For Level 3 assets measured at fair value on a recurring basis as of September 30, 2020 and 2019, purchases and sales were $0 and $3,499 and payments/sales were $16,647 and $136,984, respectively.

Note 4 – Fair Value Measurements (continued)

The following summarizes the nature and risk of those investments that are reported at estimated fair value utilizing net asset value as of September 30, 2020:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fund of hedge funds -				
Total return (a) (d)	$ 72,726,292	$ 15,127,971	quarterly, annually	60 days
Private equity funds (b)	29,369,362	8,151,405	none	-
Closed end funds -				
Special opportunities (c)	3,781,611	2,004,089	none	-
Beneficial interest in perpetual trusts	36,033,210	-	none	-
Total	$ 141,910,475	$ 25,283,465		

The following summarizes the nature and risk of those investments that are reported at estimated fair value utilizing net asset value as of September 30, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fund of hedge funds -				
Total return (a) (d)	$ 58,738,972	$ -	quarterly, annually	60 days
Private equity funds (b)	25,832,892	10,417,461	none	-
Closed end funds -				
Special opportunities (c)	5,008,979	2,541,898	none	-
Beneficial interest in perpetual trusts	35,325,083	-	none	-
Total	$ 124,905,926	$ 12,959,359		

(a) The strategies of the underlying hedge funds in this category primarily include hedged fixed income arbitrage, event driven, macro, multi-strategy, equity hedged and long/short strategies. Some investments within the fund have partially or fully suspended redemptions. The suspension may be lifted at any time, subject to the discretion of the investment fund. There are no plans to liquidate these funds.

(b) This category is invested in a broad range of private equity funds including, but not limited to, funds of funds that make direct investments in different private equity-related disciplines including, but not limited to, venture capital, buyouts, debt funds and real estate. The fund has a term of fifteen years with up to three one-year extensions. These non-marketable funds do not permit redemptions prior to the termination of the fund, except with the manager's consent. Due to the illiquid nature of the funds' investments, the valuation reported to the investor will be based on the most recent valuations reported to the fund. There are no plans to liquidate these funds.

Note 4 – Fair Value Measurements (continued)

(c) This closed-end portfolio of funds has a structure similar to a traditional private equity fund. It is anticipated that a significant amount, and possibly all, of the portfolio's investments will consist of securities for which there is no public market and/or that are subject to restrictions on sale. Each closed-end portfolio will have a term of seven years with, in the discretion of the Board of Directors, up to two one-year extensions for orderly liquidation of its investments. Investments in the portfolio and reported to the investor will be valued based on the most recent valuations reported to the fund. There are no plans to liquidate these funds.

(d) Certain investments in this category have gate provisions, which allow a manager to limit redemptions despite the normal liquidity provisions, if the manager receives redemptions in excess of the gate (a level stated in their governing documents). The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the estimated fair value of investments reported in the statement of financial position as of September 30, 2020. However, the diversification of the Organization's invested assets among these various asset classes should mitigate the impact of any dramatic change on any one asset class.

The Organization's policy is to recognize transfers between Levels 1, 2, and 3 and transfers due to strategy reclassifications, if any, as if the transfer occurred at the beginning of the period. For the years ended September 30, 2020 and 2019, there were no transfers.

The following schedule summarizes investments not including beneficial interest in perpetual trusts classified according to any donor restrictions at September 30:

	2020	2019
Investments without donor restrictions	$ 347,411,765	$ 338,317,935
Investments with donor restrictions	46,894,618	45,623,503
Total investments	$ 394,306,383	$ 383,941,438

Note 5 – Beneficial Interest in Perpetual Trusts

Cal Farley's receives charitable trusts from donors. Some of these trusts are considered perpetual trusts because Cal Farley's will never receive the trust assets, but they have an irrevocable right to receive all or a portion of the income earned from the trust assets in perpetuity. Cal Farley's has recorded the asset and has recognized contribution revenue with donor restrictions at the fair market value of Cal Farley's beneficial interest in the trust. Subsequent changes in fair value of the beneficial interest are recorded as change in value of beneficial interest in perpetual trusts in net assets with donor restrictions. Change in the value of the perpetual trust was approximately $708,127 and $(672,745) for the years ended September 30, 2020 and 2019, respectively.

Note 6 – Gift Annuities

During the years ended September 30, 2020 and 2019, the Foundation recognized charitable gift annuity contributions and income in the amount of $160,000 and $295,000, and recognized the change in value of charitable gift annuities in the amount of $165,930 and $292,342, which are reported in the statement of activities. As of September 30, 2020 and 2019, approximately $3,108,000 and $3,016,000, respectively, of charitable gift annuity assets are included in investments without donor restrictions on the statements of financial position. These amounts are held in segregated reserves. Liabilities associated with these gift annuities was approximately $2,065,000 and $2,147,000 at September 30, 2020 and 2019, respectively.

Note 7 – Property and Equipment

At September 30, property and equipment consisted of the following:

	2020	2019
Land	$ 4,447,841	$ 4,447,841
Buildings	68,900,912	72,316,619
Furniture and fixtures	5,866,710	9,844,878
Roads and grounds	5,342,759	5,548,823
Utility lines and equipment	3,964,561	4,039,730
Land improvements	601,641	845,853
Sewage complex	3,518,401	290,866
Transportation and hauling	6,032,367	6,023,639
Farm and ranch machinery	1,784,777	2,042,313
Construction in progress	31,858	2,908,945
	100,491,827	108,309,507
Less accumulated depreciation	(72,446,347)	(78,057,708)
Total property and equipment, net	$ 28,045,480	$ 30,251,799

Depreciation expense for the years ended September 30, 2020 and 2019 was $3,708,917 and $4,042,580, respectively.

Note 8 – Line-of-Credit

Cal Farley's had a line of credit agreement consisting of one promissory note, with the ability to borrow up to $6,000,000. The line of credit agreement was collateralized by investments held by Cal Farley's and was guaranteed by Cal Farley's Boys Ranch Foundation. Amounts outstanding under the line of credit agreement total $0 as of September 30, 2019. The line of credit matured on June 1, 2020.

Note 9 – Notes Payable

On April 14, 2020, Cal Farley's executed a promissory note with First United Bank, which facilitated a loan in accordance with the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Section 1102, Paycheck Protection Program. The Small Business Administration (SBA) Payroll Protection Loan totaled $3,749,700, with an interest rate of 1.00%. Principal and interest payments of $157,870 are payable in monthly installments beginning on October 14, 2020, with a final payment equal to all unpaid principal and interest due on April 14, 2022, as follows:

Year Ended September 30,		
2021	$	1,689,686
2022		2,059,049

The remaining loan may be repaid at any time with no prepayment penalty. The loan is subject to forgiveness if Cal Farley's adheres to the loan forgiveness provisions which focus on maintaining specified payroll compensation levels

Under the CARES Act, Section 1102, Paycheck Protection Program, the SBA has five years to audit any applicant. Cal Farley's, at the time of submitting its application, evaluated the economic uncertainty resulting from the COVID-19 pandemic and the potential impact of that uncertainty on the ongoing operations of business. Based on the risk of Cal Farley's having to limit or close its operation and unavailability of other sources of liquidity it was determined that the loan request was necessary.

Note 10 – Leases

The Organization leases certain facilities and equipment under certain non-cancelable operating lease agreements. The Organization expects that in the normal course of business, leases that expire will be renewed or replaced by other leases. For the years ending September 30, 2020 and 2019, respectively, the lease expense was $132,000 and $96,000.

Future minimum lease rentals under these non-cancelable operating leases having an initial term in excess of one year are as follows:

Year Ended September 30,	Future Minimum Lease Rentals
2021	$ 115,617
2022	95,088
2023	74,952
2024	39,763
2025	4,743
Total minimum future lease payments	$ 330,163

Note 11 – Net Assets

Net assets consist of:

	2020	2019
Net Assets without donor restrictions		
Undesignated	$ 335,996,633	$ 329,471,539
Net investment in property and equipment	28,045,480	30,251,799
Designated - board reserve	8,613,142	6,689,629
Designated - gift annuity reserves	3,108,439	3,016,396
Total net assets without donor restrictions	$ 375,763,694	$ 369,429,363
Net assets with donor restrictions		
Subject to expenditure for specified purpose:		
Operations and program support	$ 195,489	$ 221,853
Scholarships	981,818	485,911
Capital projects	3,653,394	3,937,229
Special medical needs	275,681	226,604
Remainder interests in property and investments	930,780	930,780
	6,037,162	5,802,377
Subject to the passage of time		
Contributions receivable	20,514,935	21,845,500
Remainder interests in property	45,000	45,000
	20,559,935	21,890,500
Subject to the Organization's spending policy and appropriation:		
Endowment funds restricted in perpetuity	34,817,480	34,607,955
Endowment funds accumulated gains	5,994,976	5,168,170
	40,812,456	39,776,125
Subject to restriction in perpetuity:		
Perpetual trusts held by others	36,033,210	35,325,083
Total net assets with donor restrictions	$ 103,442,763	$ 102,794,085
Total net assets	$ 479,206,457	$ 472,223,448

Note 12 – Endowments

Endowment Funds
Effective September 1, 2007, the State of Texas enacted UPMIFA, the provisions of which apply to endowment funds existing on or established after that date.

FASB ASC Subtopic 958-205, *Not-for-Profit Financial Statements*, (ASC 958-205) provides guidance on the net asset classification of donor-restricted funds for a not-for-profit organization that is subject to an enacted version of UPMIFA and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Organization's endowment consists of donor-restricted endowment funds and does not include any funds designated by the Board of Directors to function as endowments. Net assets associated with endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
Based on the interpretation of UPMIFA by the Board of Directors of the Organization, the guidance in ASC 958-205, and absent explicit donor stipulations to the contrary, the Organization classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not considered permanent in nature is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Note 12 – Endowments (continued)

Net asset classification by type of endowment as of September 30, 2020, is as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Restricted in perpetuity	$ -	$ 34,817,480	$ 34,817,480
Restricted by purpose or time	-	5,994,976	5,994,976
	$ -	$ 40,812,456	$ 40,812,456

Changes in endowment net assets for the year ended September 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, September 30, 2019	$ -	$ 39,776,125	$ 39,776,125
Investment return	-	1,688,042	1,688,042
Net appreciation (realized and unrealized)	-	988,174	988,174
Total investment return	-	2,676,216	2,676,216
Contributions	-	209,525	209,525
Appropriation of endowment assets for expenditure	-	(1,849,410)	(1,849,410)
Endowment net assets, September 30, 2020	$ -	$ 40,812,456	$ 40,812,456

Net asset classification by type of endowment as of September 30, 2019, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Restricted in perpetuity	$ -	$ 34,607,955	$ 34,607,955
Restricted by purpose or time	-	5,168,170	5,168,170
	$ -	$ 39,776,125	$ 39,776,125

Note 12 – Endowments (continued)

Changes in endowment net assets for the year ended September 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, September 30, 2018	$ -	$ 38,103,496	$ 38,103,496
Investment return	-	1,714,355	1,714,355
Net appreciation (realized and unrealized)	-	(214,168)	(214,168)
Total investment return	-	1,500,187	1,500,187
Contributions	-	1,729,992	1,729,992
Appropriation of endowment assets for expenditure	-	(1,557,550)	(1,557,550)
Endowment net assets, September 30, 2019	$ -	$ 39,776,125	$ 39,776,125

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the fund. There were no deficiencies as of September 30, 2020. In accordance with GAAP, deficiencies of this nature exist in one fund with an original gift value of $685,450, a current fair value of $678,515, resulting in a deficiency of $6,935 as of September 30, 2019. These deficiencies resulted from unfavorable market fluctuations that may impact purpose restricted funds differently depending in their inception date.

Return Objectives and Risk Parameters
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 historical dollar value of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a mix of relevant benchmarks, while assuming a moderate level of investment risk. The Organization currently expects its endowment funds to produce a total investment rate of return over the long term which exceeds the rate of inflation as measured by the Consumer Price Index (CPI) by at least 5%. Actual returns in any given year may vary from this amount

Strategies Employed for Achieving Objectives
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 targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Note 12 – Endowments (continued)

Spending Policy and how the Investment Objectives Relate to Spending Policy
The Organization has a policy which allows for appropriating expenditures each year up to 5% of its endowment fund's average fair value over the prior five fiscal years. In establishing this policy, the Organization considered the long-term expected return on its endowment mentioned above. There was no spending of underwater endowments during September 30, 2020 or 2019.

Note 13 – 401(k) Plan

Substantially all employees of Cal Farley's are eligible to participate in a plan qualified under Section 401(k) of the IRC. Eligible participants may generally make contributions up to the lesser of the amount allowed under ERISA or 100% of their compensation. The employer matched an amount equal to 100% of the employees' contribution, not exceeding 5% of the employees' compensation through September 30, 2020. Cal Farley's made matching contributions of approximately $659,000 and $645,000 for the years ended September 30, 2020 and 2019, respectively.

Note 14 – Self-Insurance Plan

The Organization is self-insured for employee medical claims up to $300,000 per employee. Monthly premiums are paid into a trust from which claims are paid by the administrator of the trust. Total amounts charged to expense by the Organization during the years ended September 30, 2020 and 2019 was approximately $2,381,000 and $2,301,000, respectively.

A liability has been accrued in the amount of $397,000 and $370,000 as of September 30, 2020 and 2019 for medical insurance claims incurred but not paid for all current employees. This amount is recorded in accrued liabilities on the combined Statements of Financial Position.

Note 15 – Compensated Absences

Employees of the Organization are entitled to paid time off depending on job classification, length of service and other factors. Cal Farley's accrues for unused paid time off, and at September 30, 2020 and 2019, Cal Farley's recognized approximately $886,000 and $829,000, as an accrual for paid time off. This amount is recorded in accrued liabilities on the combined Statements of Financial Position.

Note 16 – Risks and Uncertainties

During the fiscal year ended September 30, 2020, the World Health Organization declared the novel coronavirus outbreak a public health emergency. The outbreak has disrupted economic markets and increased volatility. The duration and economic impact of the outbreak is uncertain but could have a material impact to the Organization's liquidity.

Note 17 – Liquidity and Funds Available

The following table reflects the Organization's financial assets as of September 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, restricted trust assets, perpetual trusts held by others, endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve. These board designations could be drawn upon in the board approves that action.

	2020	2019
Financial assets		
Cash and cash equivalents	$ 6,342,484	$ 4,199,393
Accounts and contributions receivable	21,308,075	22,654,838
Investments	394,306,383	383,941,438
Perpetual trusts held by others	36,033,210	35,325,083
Total financial assets	457,990,152	446,120,752
Less those unavailable for general expenditure within one year, due to:		
Perpetual trusts held by others not convertible to cash within next 12 months	(36,033,210)	(35,325,083)
Contribution and accounts receivable collectible beyond one year	(20,431,235)	(21,719,107)
Endowments and accumulated earnings subject to appropriation beyond one year	(22,348,481)	(39,776,125)
Board designated reserves for future contingencies	(8,613,142)	(6,689,629)
Investments with donor restrictions not expected to be used within one year	(6,270,676)	(6,505,019)
Investments held in trusts and various state required gift annuity reserves	(3,108,518)	(3,017,974)
Mineral Interests - not available for sale	(6,840,081)	(6,093,515)
Private equity, hedge, and closed end funds - illiquid	(105,877,265)	(89,580,843)
Financial assets available to meet cash needs for general expenditures within one year	$ 248,467,544	$ 237,413,457

Cal Farley's cash flows have seasonal variations during the year attributable to contributions received at calendar year end. To manage liquidity during 2020, Cal Farley's maintained a secured line of credit, which it could draw upon in the event of an anticipated liquidity need. As of September 30, 2019, amounts outstanding under this line of credit amount to $0. This line of credit expired on June 1, 2020. Cal Farley's is also supported by the Cal Farley's Boys Ranch Foundation and has the ability to draw down funds from the Foundation as approved by the Board.

Note 18 – Subsequent Events

Subsequent events are events or transactions that occur after the combined statements of financial position date but before the combined financial statements are issued. The Organization recognizes in the combined financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the combined statement of financial position, including estimates inherent in the process of preparing the combined financial statements. The Organization's combined financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the combined statement of financial position but arose after the combined statement of financial position date and before the combined financial statements are available to be issued.

The Organization has evaluated subsequent events through February 23, 2021, which is the date the financial statements were available to be issued.