



REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS

CAL FARLEY'S BOYS RANCH AND SUBSIDIARY

September 30, 2020 and 2019



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Report of Independent Auditors

To the Board of Directors
Cal Farley's Boys Ranch

Report on Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cal Farley's Boys Ranch and Subsidiary as of September 30, 2020 and 2019, and related consolidated statements of activities, cash flows, and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mess Adams LLP

Albuquerque, New Mexico
February 23, 2021

Cal Farley's Boys Ranch and Subsidiary

Consolidated Statements of Financial Position

ASSETS

ASSETS	Year Ended September 30,	
	2020	2019
Cash and cash equivalents	\$ 6,176,835	\$ 3,984,023
Accrued interest receivable	110,044	151,325
Other receivables	465,284	621,168
Unconditional promises to give	20,735,400	21,860,441
Prepaid expenses	1,130,977	289,780
Inventories	1,004,587	1,014,840
Investments without donor restrictions	13,620,141	13,276,242
Investments with donor restrictions	24,432,736	23,215,226
Beneficial interest in perpetual trusts	36,033,210	35,325,083
Funds invested with Cal Farley's Boys Ranch Foundation	8,613,142	6,689,629
Property and equipment, net	28,045,480	30,251,799
Total assets	\$ 140,367,836	\$ 136,679,556

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 967,450	\$ 1,241,740
Accrued liabilities	2,145,359	2,015,030
Note payable -PPP	3,749,700	-
Total liabilities	6,862,509	3,256,770
NET ASSETS		
Without donor restrictions	52,524,445	53,036,978
With donor restrictions	80,980,882	80,385,808
Total net assets	133,505,327	133,422,786
Total liabilities and net assets	\$ 140,367,836	\$ 136,679,556

Cal Farley's Boys Ranch and Subsidiary Consolidated Statements of Activities

	September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 19,504,844	\$ 1,376,659	\$ 20,881,503
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	3,666,257	781,701	4,447,958
Realized gain	123,859	277,177	401,036
Unrealized gain	648,937	203,090	852,027
Change in value of mineral interests	(234,343)	-	(234,343)
Total investment return	<u>4,204,710</u>	<u>1,261,968</u>	<u>5,466,678</u>
Other income	260,554	-	260,554
Net assets released from restrictions - satisfaction of time or purpose restrictions	<u>1,416,796</u>	<u>(1,416,796)</u>	<u>-</u>
Total support and revenue	<u>25,386,904</u>	<u>595,074</u>	<u>25,981,978</u>
EXPENSES			
Program Services:			
Boys Ranch operations	26,897,915	-	26,897,915
Program support and alumni services	<u>1,883,439</u>	<u>-</u>	<u>1,883,439</u>
Total program services	<u>28,781,354</u>	<u>-</u>	<u>28,781,354</u>
Support services:			
Fund-raising activities	10,065,561	-	10,065,561
Administrative and general	<u>4,304,531</u>	<u>-</u>	<u>4,304,531</u>
Total support services	<u>14,370,092</u>	<u>-</u>	<u>14,370,092</u>
Total expenses	<u>43,151,446</u>	<u>-</u>	<u>43,151,446</u>
OTHER ACTIVITIES			
Support from Cal Farley's Boys Ranch Foundation	17,249,542	-	17,249,542
Net gain on insurance proceeds	<u>2,467</u>	<u>-</u>	<u>2,467</u>
Total other activities	<u>17,252,009</u>	<u>-</u>	<u>17,252,009</u>
CHANGE IN NET ASSETS	(512,533)	595,074	82,541
NET ASSETS, beginning of year	<u>53,036,978</u>	<u>80,385,808</u>	<u>133,422,786</u>
NET ASSETS, end of year	<u>\$ 52,524,445</u>	<u>\$ 80,980,882</u>	<u>\$ 133,505,327</u>

See accompanying notes.

Cal Farley's Boys Ranch and Subsidiary Consolidated Statements of Activities (continued)

	September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 19,617,368	\$ 2,703,647	\$ 22,321,015
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	4,136,125	797,178	4,933,303
Realized gain (loss)	46,402	(6,677)	39,725
Unrealized gain (loss)	1,719,474	(81,307)	1,638,167
Change in value of mineral interests	788,039	-	788,039
Total investment return	6,690,040	709,194	7,399,234
Other income	183,651	-	183,651
Net assets released from restrictions - satisfaction of time or purpose restrictions	2,485,802	(2,485,802)	-
Total support and revenue	28,976,861	6,608,592	35,585,453
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	4,492,471	-	4,492,471
Total support services	13,943,656	-	13,943,656
Total expenses	44,005,665	-	44,005,665
OTHER ACTIVITIES			
Support from Cal Farley's Boys Ranch Foundation	17,396,296	-	17,396,296
Net gain on insurance proceeds	15,464	-	15,464
Total other activities	17,411,760	-	17,411,760
CHANGE IN NET ASSETS	2,382,956	6,608,592	8,991,548
NET ASSETS, beginning of year	50,654,022	73,777,216	124,431,238
NET ASSETS, end of year	\$ 53,036,978	\$ 80,385,808	\$ 133,422,786

Cal Farley's Boys Ranch and Subsidiary Consolidated Statements of Cash Flows

	Years Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 82,541	\$ 8,991,548
Adjustments to reconcile change in net assets to net cash from provided by operating activities:		
Depreciation	3,708,917	4,042,580
Net loss (gain) on disposition of property and equipment	470	(43,451)
Net realized (gain) loss on investments	(401,036)	6,268
Net unrealized gain on investments	(852,027)	(1,638,167)
Noncash donations of investments	(174,878)	(162,652)
Noncash donations of property and equipment	(779)	(5,343)
Donor restricted contributions	(1,376,659)	(2,703,647)
Investment income restricted for investment	(781,701)	(797,178)
Unrealized loss (gain) on unconditional promises to give	1,334,884	(6,354,298)
Unrealized (gain) loss of beneficial interest in perpetual trusts	(708,127)	672,745
Unrealized loss (gain) on mineral interests	234,343	(788,039)
Change in:		
Accrued interest receivable	23,678	(19,507)
Other receivables	155,885	(241,977)
Unconditional promises to give	(209,843)	1,896,998
Prepaid expenses	(841,197)	(20,623)
Inventories	10,253	(6,473)
Beneficial interest in perpetual trusts	-	100,273
Funds invested with Cal Farley's Boys Ranch Foundation	(1,923,514)	(942,238)
Accounts payable	(274,290)	259,721
Accrued liabilities	147,932	(388,393)
Net cash (used in) provided by operating activities	<u>(1,845,148)</u>	<u>1,858,147</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(21,766,961)	(20,793,053)
Proceeds from maturities and sales of investments	21,399,150	20,256,114
Acquisitions of property and equipment	(1,502,289)	(3,647,453)
Proceeds from sale of property and equipment	-	47,671
Net cash used in investing activities	<u>(1,870,100)</u>	<u>(4,136,721)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Investment in primarily property and equipment or scholarships	1,217,159	923,680
Investment in donor restricted endowment	159,500	1,779,967
Investment income restricted for investment	781,701	797,178
Proceeds from PPP loan	3,749,700	-
Net cash provided by financing activities	<u>5,908,060</u>	<u>3,500,825</u>
NET INCREASE IN CASH	2,192,812	1,222,251
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,984,023</u>	<u>2,761,772</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 6,176,835</u></u>	<u><u>\$ 3,984,023</u></u>

See accompanying notes.

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

	Program Services			Support Services			Total Expenses
	Boys Ranch Operations	Program & Alumni Support	Total	Fund-raising Activities	Administrative and General	Total	
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
Gift processing	-	-	-	240,937	-	240,937	240,937
Mailing list	-	-	-	291,002	-	291,002	291,002
Printed material	-	-	-	5,154,606	-	5,154,606	5,154,606
Travel	32,231	-	32,231	28,942	17,007	45,949	78,180
Fuel	166,636	-	166,636	-	12,333	12,333	178,969
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
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	150,589	154,675	232,791
Other operating expenses	23,493,218	1,883,439	25,376,657	10,065,561	4,000,311	14,065,872	39,442,529
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	\$ 4,304,531	\$ 14,370,092	\$ 43,151,446

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

	Program Services				Support Services				Total Expenses
	Boys Ranch Operations	Program & Alumni Support	Community-based Services	Total	Fund-raising Activities	Administrative and General	Total		
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	
Gift processing	-	-	-	-	200,774	-	200,774	200,774	
Mailing list	-	-	-	-	107,782	-	107,782	107,782	
Printed material	-	-	-	-	5,269,745	-	5,269,745	5,269,745	
Travel	56,775	1,636	5,189	63,600	60,132	27,247	87,379	150,979	
Fuel	245,297	-	-	245,297	-	15,784	15,784	261,081	
Client services	-	40,471	-	40,471	-	-	-	40,471	
Contract/professional services	303,115	-	-	303,115	234,472	327,858	562,330	865,445	
Program support	64,039	-	-	64,039	-	-	-	64,039	
Legal expense	-	-	8,222	8,222	-	88,355	88,355	96,577	
Home life	488,331	-	-	488,331	-	-	-	488,331	
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	135,686	137,101	165,432	
Other operating expenses	24,426,422	1,993,514	60,704	26,480,640	9,451,185	4,031,260	13,482,445	39,963,085	
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	\$ 4,492,471	\$ 13,943,656	\$ 44,005,665	

See accompanying notes.

Cal Farley's Boys Ranch and Subsidiary

Notes to Consolidated Financial Statements

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

The accompanying consolidated financial statements are those of Cal Farley's and Tascosa and do not include the Foundation. Combined financial statements have been separately issued combining all of these related entities. See Note 15 for a summary of related entity transactions.

Note 2 – Summary of Significant Accounting Policies

Consolidated Financial Statements Presentation

The consolidated financial statements include the accounts and transactions of Cal Farley's and Tascosa (collectively, the Organization). The Organization's consolidated 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.

Cal Farley's Boys Ranch and Subsidiary Notes to Consolidated Financial Statements

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 consolidated 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 consolidated 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. Cal Farley's maintains a Repurchase Agreement with one bank, and all excess funds are "swept" each night and redeposited the next day. Per the Repurchase Agreement these "swept" amounts are not considered deposits of the bank; however, they are collateralized with pledged securities.

Other Receivables

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

Cal Farley's writes off receivables when they become uncollectible. However, Cal Farley's 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. No allowance was deemed necessary as of September 30, 2020 and 2019.

Cal Farley's Boys Ranch and Subsidiary

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

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 fair value, determined at the time of the gift.

Investments

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

Funds Invested with Cal Farley's Boys Ranch Foundation

These assets consist of investment assets held at the Foundation that have been board-designated for a contingency reserve and for use in future capital improvements as needed.

Property and Equipment

Property and equipment are recorded at cost or estimated fair value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of approximately 10 to 40 years on buildings and improvements and 3 to 10 years on furniture, equipment, and machinery. Included in property and equipment is construction in progress. Once construction is completed and the asset is placed in service, it will be depreciated over the estimated useful life of the asset.

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

Cal Farley's 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, Cal Farley's has been classified as an organization that is not a private foundation under the IRC Section 509(a) and, as such, contributions to Cal Farley's qualify for deduction as charitable contributions.

Cal Farley's Boys Ranch and Subsidiary Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

However, income generated from activities unrelated to Cal Farley'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 consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Cal Farley'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.

Revenue Recognition

Contributions – Cal Farley's 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.

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 consolidated 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. There was no impact on the consolidated financial statements in adopting this standard.

Cal Farley's Boys Ranch and Subsidiary

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

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 consolidated 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	\$ 141,334
One to five years	4,095,120	5,568,382
More than five years	16,336,115	16,150,725
Total	<u>\$ 20,735,400</u>	<u>\$ 21,860,441</u>

As of September 30, 2020 and 2019, amounts presented above for split interest agreements were recorded at fair value using the Organizations 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, respectively. Cal Farley's has determined all amounts to be collectible.

Note 4 – Fair Value Measurement

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 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.

Cal Farley's Boys Ranch and Subsidiary Notes to Consolidated Financial Statements

Note 4 – Fair Value Measurement (continued)

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 Cal Farley's is the beneficiary.

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. (See Note 5)

The investment expenses are netted against investment income. The investment expenses for the years ended September 30, 2020 and 2019 are approximately \$152,000 and \$189,000, respectively.

The following table presents information about Cal Farley'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 defined as follows:

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

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.

Cal Farley's uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Cal Farley's 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.

Cal Farley's Boys Ranch and Subsidiary

Notes to Consolidated Financial Statements

Note 4 – Fair Value Measurement (continued)

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

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Investments				
Money market funds and other				
short-term investments	\$ 5,314,488	\$ -	\$ -	\$ 5,314,488
U.S. government securities	5,068,443	11,357,505	-	16,425,948
Taxable municipal securities	-	689,202	-	689,202
Marketable equity securities	294,075	-	-	294,075
Mutual funds	817,452	-	-	817,452
Corporate bonds and notes	-	7,398,699	-	7,398,699
Notes receivable	-	-	32,140	32,140
Cash value life insurance policies	-	1,531,837	-	1,531,837
Real estate, mineral interests and other	-	-	5,549,036	5,549,036
Total assets in the fair value hierarchy	<u>\$ 11,494,458</u>	<u>\$ 20,977,243</u>	<u>\$ 5,581,176</u>	38,052,877
Investments measured at NAV (practical expedient)				<u>36,033,210</u>
Investments at fair value				<u>\$ 74,086,087</u>

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

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Investments				
Money market funds and other				
short-term investments	\$ 5,373,442	\$ -	\$ -	\$ 5,373,442
U.S. government securities	4,424,365	11,444,327	-	15,868,692
Taxable municipal securities	-	-	-	-
Marketable equity securities	351,134	-	-	351,134
Mutual funds	555,054	-	-	555,054
Corporate bonds and notes	-	7,039,714	-	7,039,714
Notes receivable	-	-	35,503	35,503
Cash value life insurance policies	-	1,481,296	-	1,481,296
Real estate, mineral interests and other	-	-	5,786,633	5,786,633
Total assets in the fair value hierarchy	<u>\$ 10,703,995</u>	<u>\$ 19,965,337</u>	<u>\$ 5,822,136</u>	36,491,468
Investments measured at NAV (practical expedient)				<u>35,325,083</u>
Investments at fair value				<u>\$ 71,816,551</u>

For level 3 assets measured at fair value on a recurring basis as of September 30, 2020, purchases were \$0 and \$3,499 and payments/sales were \$16,647 and \$133,715, respectively.

Cal Farley's Boys Ranch and Subsidiary Notes to Consolidated Financial Statements

Note 4 – Fair Value Measurement (continued)

The following schedule summarizes investments not including beneficial interest in perpetual trusts classified according to any donor restrictions at September 30, 2020 and 2019:

	2020	2019
Investments without donor restrictions	\$ 13,620,141	\$ 13,276,242
Investments with donor restrictions	24,432,736	23,215,226
Total investments	\$ 38,052,877	\$ 36,491,468

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; therefore, there is not timing of liquidation of the trust assets. 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 assets. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as change in value of beneficial interest in perpetual trusts in net assets with donor restrictions. Distributed income received from these trusts is recorded in investment income in the net assets without donor restrictions. Change in value of the perpetual trust was \$708,127 and \$(672,745) for the years ended September 30, 2020 and 2019, respectively.

Note 6 – 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.

Cal Farley's Boys Ranch and Subsidiary

Notes to Consolidated Financial Statements

Note 7 – 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 is collateralized by investments held by Cal Farley's and is 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 8 – 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 the business. Based on the risk of Cal Farley's having to limit or close its operations and unavailability of other sources of liquidity it was determined that the loan request was necessary.

Cal Farley's Boys Ranch and Subsidiary Notes to Consolidated Financial Statements

Note 9 – Net Assets

For the years ending September 30, 2020 and 2019, net assets consist of:

	2020	2019
Net Assets Without Donor Restrictions		
Undesignated	\$ 15,865,823	\$ 16,095,550
Net investment in property and equipment	28,045,480	30,251,799
Designated - board reserve	8,613,142	6,689,629
Total Net Assets Without Donor Restrictions	\$ 52,524,445	\$ 53,036,978
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
	5,106,382	4,871,597
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 Cal Farley's spending policy and appropriation:		
Endowment funds restricted in perpetuity	16,353,505	16,144,005
Endowment funds accumulated gains	2,927,850	2,154,623
	19,281,355	18,298,628
Subject to restriction in perpetuity:		
Perpetual trusts held by others	36,033,210	35,325,083
Total Net Assets With Donor Restrictions	80,980,882	80,385,808
	\$ 133,505,327	\$ 133,422,786

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 approximately \$131,952 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,

2021	\$ 115,617
2022	95,088
2023	74,952
2024	39,763
2025	4,743
Total minimum future lease payments	\$ 330,163

Cal Farley's Boys Ranch and Subsidiary

Notes to Consolidated Financial Statements

Note 11 – Endowments

Endowment Funds

Effective September 1, 2007, the State of Texas enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date.

FASB 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.

Cal Farley'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 Cal Farley's, the guidance in ASC 958-205, and absent explicit donor stipulations to the contrary, Cal Farley's 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 Cal Farley's in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Cal Farley's 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 Cal Farley's 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 Cal Farley's
- The investment policies of Cal Farley's

Net asset classification by type of endowment as of September 30, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Restricted in perpetuity	\$ -	\$ 16,353,505	\$ 16,353,505
Restricted by purpose or time	-	2,927,850	2,927,850
	<u>\$ -</u>	<u>\$ 19,281,355</u>	<u>\$ 19,281,355</u>

Cal Farley's Boys Ranch and Subsidiary Notes to Consolidated Financial Statements

Note 11 – Endowments (continued)

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	\$ -	\$ 18,298,628	\$ 18,298,628
Investment return	-	772,718	772,718
Net appreciation (realized and unrealized)	-	480,264	480,264
Total investment gain	-	1,252,982	1,252,982
Contributions	-	209,500	209,500
Appropriation of endowment assets for expenditure	-	(479,755)	(479,755)
Endowment net assets, September 30, 2020	<u>\$ -</u>	<u>\$ 19,281,355</u>	<u>\$ 19,281,355</u>

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	\$ -	\$ 16,144,005	\$ 16,144,005
Restricted by purpose or time	-	2,154,623	2,154,623
	<u>\$ -</u>	<u>\$ 18,298,628</u>	<u>\$ 18,298,628</u>

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	\$ -	\$ 16,393,596	\$ 16,393,596
Investment return	-	778,248	778,248
Net appreciation (realized and unrealized)	-	(87,983)	(87,983)
Total investment gain	-	690,265	690,265
Contributions	-	1,729,967	1,729,967
Appropriation of endowment assets for expenditure	-	(515,200)	(515,200)
Endowment net assets, September 30, 2019	<u>\$ -</u>	<u>\$ 18,298,628</u>	<u>\$ 18,298,628</u>

Cal Farley's Boys Ranch and Subsidiary

Notes to Consolidated Financial Statements

Note 11 – Endowments (continued)

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 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 on their inception date.

Return Objectives and Risk Parameters

Cal Farley's 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. Cal Farley's 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, Cal Farley's 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). Cal Farley's 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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Cal Farley's 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, Cal Farley's considered the long-term expected return on its endowment. Cal Farley's policy is to not spend from underwater endowments unless directed otherwise by the donor. There was no spending underwater endowments during September 30, 2020 or 2019.

Note 12 – 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. Cal Farley's made matching contributions of approximately \$659,000 and \$645,000 for the years ended September 30, 2020 and 2019, respectively.

Cal Farley's Boys Ranch and Subsidiary Notes to Consolidated Financial Statements

Note 13 – Self-Insurance Plan

Cal Farley's 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 Cal Farley's 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 consolidated Statements of Financial Position.

Note 14 – 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 in the consolidated Statements of Financial Position.

Note 15 – Related Party Transactions

During the years ended September 30, 2020 and 2019, Cal Farley's received \$17,249,542 and \$17,396,296, respectively, in support from the Foundation. At September 30, 2020 and 2019, Cal Farley's had a receivable from the Foundation of \$5,052 and \$5,093, respectively. During the year ended September 30, 2014, Cal Farley's invested \$9,754,665 of its assets with the Foundation. These amounts consist of investment assets held for Cal Farley's that have been board-designated for a contingency reserve and for use in future capital improvements as needed. As of September 30, 2020 and 2019, \$8,613,142 and \$6,689,629 were outstanding and available for approved use.

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 Cal Farley's liquidity.

Cal Farley's Boys Ranch and Subsidiary

Notes to Consolidated Financial Statements

Note 17 – Liquidity and Funds Available

The following table reflects Cal Farley'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.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 6,176,835	\$ 3,984,023
Accrued interest receivable	110,044	151,325
Other receivables	465,284	621,168
Unconditional promises to give	20,735,400	21,860,441
Investments without donor restrictions	13,620,141	13,276,242
Investments with donor restrictions	24,432,736	23,215,226
Beneficial interest in perpetual trusts	36,033,210	35,325,083
Funds invested with Cal Farley's Boys Ranch Foundation	8,613,142	6,689,629
Total financial assets	<u>\$ 110,186,792</u>	<u>\$ 105,123,137</u>
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	(19,281,355)	(18,298,628)
Board designated reserves for future contingencies	(8,613,142)	(6,689,629)
Mineral interests - not available for sale	(5,339,896)	(5,574,239)
Investments with donor restrictions not expected to be used within one year	<u>(5,151,381)</u>	<u>(4,916,598)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,336,573</u>	<u>\$ 12,599,853</u>

Cal Farley's cash flows have seasonal variations during the year attributable to contributions received at calendar year end. To manage liquidity during 2019, Cal Farley's maintains 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 amounted 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.

Cal Farley's Boys Ranch and Subsidiary Notes to Consolidated Financial Statements

Note 18 – Subsequent Events

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

Cal Farley's has evaluated subsequent events through February 23, 2021, which is the date the consolidated financial statements were available to be issued.