

EAGLE RANCH, INC.
AND SUPPORTING AFFILIATE

COMBINED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2020 AND 2019

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors of
Eagle Ranch, Inc. and its Supporting Affiliate –
Eagle Ranch Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying combined financial statements of Eagle Ranch, Inc. and its Supporting Affiliate – Eagle Ranch Foundation, Inc. (nonprofit organizations) which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Eagle Ranch, Inc. and its Supporting Affiliate – Eagle Ranch Foundation, Inc. as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying statements of activities for the years ended December 31, 2020 and 2019 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Brooks, McAnnis & Company, LLC

Atlanta, Georgia
March 19, 2021

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	<u>Eagle Ranch, Inc.</u>	<u>Eagle Ranch Foundation, Inc.</u>	<u>Combined 2020</u>
ASSETS			
Cash and cash equivalents	\$ 1,078,579	\$ -	\$ 1,078,579
Accounts receivable	3,340	-	3,340
Unconditional promises to give, net	281,222	-	281,222
Prepaid expenses and other assets	96,208	-	96,208
Investments - short-term	3,358,845	-	3,358,845
Property and equipment, net	1,622,317	10,691,200	12,313,517
Investments - long-term	<u>1,442,281</u>	<u>17,616,338</u>	<u>19,058,619</u>
Total assets	<u>\$ 7,882,792</u>	<u>\$ 28,307,538</u>	<u>\$ 36,190,330</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued expenses	\$ 198,233	\$ -	\$ 198,233
Construction accounts payable	258,399	-	258,399
Charitable gift annuity obligations	<u>96,568</u>	<u>-</u>	<u>96,568</u>
	<u>553,200</u>	<u>-</u>	<u>553,200</u>
Net assets:			
Without donor restrictions:			
Expended for property and equipment	1,622,317	10,691,200	12,313,517
Designated	1,781,105	4,169,517	5,950,622
Designated for long-term investment	1,426,172	-	1,426,172
Available for operations	<u>843,280</u>	<u>315,891</u>	<u>1,159,171</u>
Total net assets without donor restrictions	5,672,874	15,176,608	20,849,482
With donor restrictions:			
Purpose restrictions	1,656,718	7,959,592	9,616,310
Perpetual in nature	<u>-</u>	<u>5,171,338</u>	<u>5,171,338</u>
Total net assets with donor restrictions	<u>1,656,718</u>	<u>13,130,930</u>	<u>14,787,648</u>
Total net assets	<u>7,329,592</u>	<u>28,307,538</u>	<u>35,637,130</u>
Total liabilities and net assets	<u>\$ 7,882,792</u>	<u>\$ 28,307,538</u>	<u>\$ 36,190,330</u>

The accompanying notes are an integral part of these financial statements.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	<u>Eagle Ranch, Inc.</u>	<u>Eagle Ranch Foundation, Inc.</u>	<u>Combined 2019</u>
ASSETS			
Cash and cash equivalents	\$ 2,385,819	\$ -	\$ 2,385,819
Accounts receivable	844	-	844
Unconditional promises to give, net	85,659	-	85,659
Prepaid expenses and other assets	131,624	-	131,624
Investments - short-term	2,545,098	-	2,545,098
Property and equipment, net	666,002	11,026,166	11,692,168
Investments - long-term	<u>1,349,871</u>	<u>15,243,648</u>	<u>16,593,519</u>
Total assets	<u>\$ 7,164,917</u>	<u>\$ 26,269,814</u>	<u>\$ 33,434,731</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued expenses	\$ 256,559	\$ -	\$ 256,559
Charitable gift annuity obligations	<u>101,976</u>	-	<u>101,976</u>
	<u>358,535</u>	-	<u>358,535</u>
Net assets:			
Without donor restrictions:			
Expended for property and equipment	666,002	11,026,166	11,692,168
Designated	1,893,803	3,300,971	5,194,774
Designated for long-term investment	1,333,761	-	1,333,761
Available for operations	<u>1,099,579</u>	<u>305,085</u>	<u>1,404,664</u>
Total net assets without donor restrictions	4,993,145	14,632,222	19,625,367
With donor restrictions:			
Purpose restrictions	1,813,237	6,746,310	8,559,547
Perpetual in nature	-	<u>4,891,282</u>	<u>4,891,282</u>
Total net assets with donor restrictions	<u>1,813,237</u>	<u>11,637,592</u>	<u>13,450,829</u>
Total net assets	<u>6,806,382</u>	<u>26,269,814</u>	<u>33,076,196</u>
Total liabilities and net assets	<u>\$ 7,164,917</u>	<u>\$ 26,269,814</u>	<u>\$ 33,434,731</u>

The accompanying notes are an integral part of these financial statements.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
 COMBINED STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Eagle Ranch, Inc.</u>	<u>Eagle Ranch Foundation, Inc.</u>	<u>Combined 2020</u>
Changes in net assets without donor restrictions:			
Support, gains and revenue:			
Public support contributions	\$ 3,487,115	\$ -	\$ 3,487,115
Fundraising event revenues, net of direct expenses of \$35,215	142,905	-	142,905
Program service revenue	218,502	-	218,502
Investment income	31,115	142,834	173,949
Realized and unrealized gain on investments	156,287	548,721	705,008
Change in value of charitable gift annuity, net	(22,742)	-	(22,742)
Other income	22,321	-	22,321
Total support, gains and revenue	<u>4,035,503</u>	<u>691,555</u>	<u>4,727,058</u>
Net assets released from restrictions	<u>2,280,374</u>	<u>-</u>	<u>2,280,374</u>
Total support, gains, revenue and net assets released from restrictions	<u>6,315,877</u>	<u>691,555</u>	<u>7,007,432</u>
Expenses:			
Program services:			
Counseling	1,023,244	16,377	1,039,621
Home Therapy	2,334,179	398,512	2,732,691
Education	979,871	109,181	1,089,052
Total program services	<u>4,337,294</u>	<u>524,070</u>	<u>4,861,364</u>
Supporting services:			
Management and general	678,404	16,377	694,781
Fundraising	560,677	5,462	566,139
Total supporting services	<u>1,239,081</u>	<u>21,839</u>	<u>1,260,920</u>
Total expenses	<u>5,576,375</u>	<u>545,909</u>	<u>6,122,284</u>
Increase in net assets without donor restrictions before transfers	<u>739,502</u>	<u>145,646</u>	<u>885,148</u>

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The accompanying notes are an integral part of these financial statements.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
 COMBINED STATEMENT OF ACTIVITIES – CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined 2020
Transfers of net assets without donor restrictions:			
Distributions from Foundation	539,004	(197,536)	341,468
Distributions to Foundation	(387,837)	385,336	(2,501)
Transfer of property to Foundation	(210,940)	210,940	-
Total transfers of net assets without donor restrictions	(59,773)	398,740	338,967
Increase in net assets without donor restrictions after transfers	679,729	544,386	1,224,115
Changes in net assets with purpose restrictions:			
Contributions	2,481,693	-	2,481,693
Realized and unrealized gain on investments	-	1,168,368	1,168,368
Interest and dividend income	-	306,099	306,099
Net assets released from restrictions	(2,280,374)	-	(2,280,374)
Increase (decrease) in net assets with purpose restrictions before transfers	201,319	1,474,467	1,675,786
Transfers of net assets with purpose restrictions:			
Distributions from Foundation	153,216	(494,684)	(341,468)
Distributions to Foundation	(511,054)	233,499	(277,555)
Total transfers of net assets with purpose restrictions	(357,838)	(261,185)	(619,023)
Increase (decrease) in net assets with purpose restrictions after transfers	(156,519)	1,213,282	1,056,763
Transfers of net assets perpetual in nature:			
Distributions to Foundation	-	280,056	280,056
Total transfers of net assets perpetual in nature	-	280,056	280,056
Increase in net assets perpetual in nature after transfers	-	280,056	280,056
Increase in net assets	523,210	2,037,724	2,560,934
Net assets at beginning of year	6,806,382	26,269,814	33,076,196
Net assets at end of year	\$ 7,329,592	\$ 28,307,538	\$ 35,637,130

The accompanying notes are an integral part of these financial statements.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined 2019
Changes in net assets without donor restrictions:			
Support, gains and revenue:			
Public support contributions	\$ 3,751,736	\$ -	\$ 3,751,736
Fundraising event revenues, net of direct expenses of \$21,106	113,669	-	113,669
Program service revenue	237,998	-	237,998
Investment income	49,446	78,007	127,453
Realized and unrealized gain on investments	204,308	619,816	824,124
Gain on sale of property, equipment, and other assets	64,029	-	64,029
Change in value of charitable gift annuity, net	(20,354)	-	(20,354)
Other income	17,360	-	17,360
Total support, gains and revenue	4,418,192	697,823	5,116,015
Net assets released from restrictions	2,191,747	-	2,191,747
Total support, gains, revenue and net assets released from restrictions	6,609,939	697,823	7,307,762
Expenses:			
Program services:			
Counseling	1,023,163	16,301	1,039,464
Home Therapy	2,363,113	396,662	2,759,775
Education	866,132	108,675	974,807
Total program services	4,252,408	521,638	4,774,046
Supporting services:			
Management and general	633,186	16,301	649,487
Fundraising	479,597	5,434	485,031
Total supporting services	1,112,783	21,735	1,134,518
Total expenses	5,365,191	543,373	5,908,564
Increase in net assets without donor restrictions before transfers	1,244,748	154,450	1,399,198

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The accompanying notes are an integral part of these financial statements.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
 COMBINED STATEMENT OF ACTIVITIES – CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined 2019
Transfers of net assets without donor restrictions:			
Distributions from Foundation	514,164	(177,724)	336,440
Distributions to Foundation	(200,000)	300,000	100,000
Transfer of property to Foundation	(2,679,836)	2,679,836	-
Total transfers of net assets without donor restrictions	(2,365,672)	2,802,112	436,440
Increase (decrease) in net assets without donor restrictions after transfers	(1,120,924)	2,956,562	1,835,638
Changes in net assets with purpose restrictions:			
Contributions	3,225,833	-	3,225,833
Realized and unrealized gain on investments	-	1,502,998	1,502,998
Interest and dividend income	-	189,159	189,159
Net assets released from restrictions	(2,191,747)	-	(2,191,747)
Increase in net assets with purpose restrictions before transfers	1,034,086	1,692,157	2,726,243
Transfers of net assets with purpose restrictions:			
Distributions from Foundation	130,852	(467,292)	(336,440)
Distributions to Foundation	(263,162)	-	(263,162)
Total transfers of net assets with purpose restrictions	(132,310)	(467,292)	(599,602)
Increase in net assets with purpose restrictions after transfers	901,776	1,224,865	2,126,641
Transfers of net assets perpetual in nature:			
Distributions to Foundation	-	163,162	163,162
Total transfers of net assets perpetual in nature	-	163,162	163,162
Increase in net assets perpetual in nature after transfers	-	163,162	163,162
Increase (decrease) in net assets	(219,148)	4,344,589	4,125,441
Net assets at beginning of year	7,025,530	21,925,225	28,950,755
Net assets at end of year	\$ 6,806,382	\$ 26,269,814	\$ 33,076,196

The accompanying notes are an integral part of these financial statements.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Total Program	Supporting Services			Total
	Counseling	Home Therapy	Education		Management and General	Fundraising	Total Supporting Services	
<u>Eagle Ranch, Inc.</u>								
Salaries and wages	\$ 673,860	\$ 878,626	\$ 628,385	\$ 2,180,871	\$ 309,137	\$ 247,656	\$ 556,793	\$ 2,737,664
Employee benefits	96,092	269,952	50,123	416,167	48,172	14,735	62,907	479,074
Payroll taxes	48,444	59,712	46,782	154,938	23,075	18,126	41,201	196,139
Total salaries and related expenses	<u>818,396</u>	<u>1,208,290</u>	<u>725,290</u>	<u>2,751,976</u>	<u>380,384</u>	<u>280,517</u>	<u>660,901</u>	<u>3,412,877</u>
Accounting fees	-	-	-	-	30,658	-	30,658	30,658
Advertising and public relations	21,863	-	1,923	23,786	62,731	11,025	73,756	97,542
Bank charges	-	-	-	-	27,317	-	27,317	27,317
Home expenses	-	64,415	-	64,415	-	-	-	64,415
Counseling	18,166	-	-	18,166	-	-	-	18,166
Consulting and legal fees	56,417	64,899	51,902	173,218	70,330	29,841	100,171	273,389
Depreciation	15,553	97,205	3,888	116,646	9,072	3,888	12,960	129,606
Education and tuition reimbursement	3,000	17,121	-	20,121	-	-	-	20,121
Enrichment and entertainment	13,605	51,038	2,147	66,790	4,901	32,299	37,200	103,990
Equipment rental	-	4,629	-	4,629	6,000	-	6,000	10,629
Fundraising events	-	-	-	-	-	20,123	20,123	20,123
Insurance	15,534	122,115	28,353	166,002	24,326	10,398	34,724	200,726
Other	1,240	18,502	1,200	20,942	5,739	4,340	10,079	31,021
Newsletter	-	-	-	-	-	71,463	71,463	71,463
Postage and shipping	91	369	7	467	8,078	1,012	9,090	9,557
Printing and publications	13,322	1,604	747	15,673	10,554	70,722	81,276	96,949
Repairs and maintenance	10,541	314,852	81,043	406,436	7,610	3,991	11,601	418,037
Staff development	6,480	13,532	4,905	24,917	4,694	592	5,286	30,203
Supplies	10,884	183,363	59,913	254,160	18,771	14,742	33,513	287,673
Tags and licenses	20	1,975	186	2,181	60	-	60	2,241
Telephone	11,634	24,597	4,558	40,789	3,089	1,989	5,078	45,867
Travel	161	1,859	-	2,020	191	1,456	1,647	3,667
Utilities	5,390	113,818	13,725	132,933	3,367	1,936	5,303	138,236
Vehicle expense	947	29,996	84	31,027	532	343	875	31,902
Total Eagle Ranch expenses	<u>1,023,244</u>	<u>2,334,179</u>	<u>979,871</u>	<u>4,337,294</u>	<u>678,404</u>	<u>560,677</u>	<u>1,239,081</u>	<u>5,576,375</u>
<u>Eagle Ranch Foundation, Inc.</u>								
Depreciation	16,377	398,512	109,181	524,070	16,377	5,462	21,839	545,909
Total Foundation expenses	<u>16,377</u>	<u>398,512</u>	<u>109,181</u>	<u>524,070</u>	<u>16,377</u>	<u>5,462</u>	<u>21,839</u>	<u>545,909</u>
Total expenses	<u>\$ 1,039,621</u>	<u>\$ 2,732,691</u>	<u>\$ 1,089,052</u>	<u>\$ 4,861,364</u>	<u>\$ 694,781</u>	<u>\$ 566,139</u>	<u>\$ 1,260,920</u>	<u>\$ 6,122,284</u>
	17%	45%	18%	80%	11%	9%	20%	100%

The accompanying notes are an integral part of these financial statements.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Total Program	Supporting Services			Total
	Counseling	Home Therapy	Education		Management and General	Fundraising	Total Supporting Services	
<u>Eagle Ranch, Inc.</u>								
Salaries and wages	\$ 675,440	\$ 862,675	\$ 596,895	\$ 2,135,010	\$ 293,378	\$ 267,310	\$ 560,688	\$ 2,695,698
Employee benefits	93,085	261,285	57,119	411,489	41,851	15,377	57,228	468,717
Payroll taxes	48,846	60,479	44,326	153,651	21,482	19,978	41,460	195,111
Total salaries and related expenses	<u>817,371</u>	<u>1,184,439</u>	<u>698,340</u>	<u>2,700,150</u>	<u>356,711</u>	<u>302,665</u>	<u>659,376</u>	<u>3,359,526</u>
Accounting fees	-	-	-	-	28,010	-	28,010	28,010
Advertising and public relations	20,541	100	-	20,641	52,519	1,707	54,226	74,867
Bank charges	-	-	-	-	23,892	-	23,892	23,892
Home expenses	-	76,108	-	76,108	-	-	-	76,108
Counseling	15,131	350	50	15,531	-	-	-	15,531
Consulting and legal fees	45,270	26,592	26,249	98,111	64,377	13,236	77,613	175,724
Depreciation	14,389	86,873	3,145	104,407	9,564	3,699	13,263	117,670
Education and tuition reimbursement	3,000	23,486	2,500	28,986	3,000	-	3,000	31,986
Enrichment and entertainment	10,195	39,522	6,678	56,395	4,776	9,728	14,504	70,899
Equipment rental	-	7,775	-	7,775	54	-	54	7,829
Fundraising events	-	-	-	-	-	12,863	12,863	12,863
Insurance	19,450	111,722	25,796	156,968	23,998	10,970	34,968	191,936
Other	470	18,463	1,814	20,747	8,342	12,491	20,833	41,580
Newsletter	-	-	-	-	-	64,440	64,440	64,440
Postage and shipping	8	7	-	15	8,294	45	8,339	8,354
Printing and publications	4,719	15,080	812	20,611	3,811	18,350	22,161	42,772
Repairs and maintenance	8,332	379,967	30,446	418,745	9,021	5,064	14,085	432,830
Staff development	25,432	6,774	4,100	36,306	7,425	1,035	8,460	44,766
Supplies	11,311	182,617	37,011	230,939	18,694	13,942	32,636	263,575
Tags and licenses	20	1,607	219	1,846	60	-	60	1,906
Telephone	13,763	23,459	15,061	52,283	4,760	4,297	9,057	61,340
Travel	6,466	2,102	-	8,568	1,487	2,481	3,968	12,536
Utilities	5,626	113,689	13,584	132,899	3,560	2,190	5,750	138,649
Vehicle expense	1,669	62,381	327	64,377	831	394	1,225	65,602
Total Eagle Ranch expenses	<u>1,023,163</u>	<u>2,363,113</u>	<u>866,132</u>	<u>4,252,408</u>	<u>633,186</u>	<u>479,597</u>	<u>1,112,783</u>	<u>5,365,191</u>
<u>Eagle Ranch Foundation, Inc.</u>								
Depreciation	16,301	396,662	108,675	521,638	16,301	5,434	21,735	543,373
Total Foundation expenses	<u>16,301</u>	<u>396,662</u>	<u>108,675</u>	<u>521,638</u>	<u>16,301</u>	<u>5,434</u>	<u>21,735</u>	<u>543,373</u>
Total expenses	<u>\$ 1,039,464</u>	<u>\$ 2,759,775</u>	<u>\$ 974,807</u>	<u>\$ 4,774,046</u>	<u>\$ 649,487</u>	<u>\$ 485,031</u>	<u>\$ 1,134,518</u>	<u>\$ 5,908,564</u>
	18%	47%	16%	81%	11%	8%	19%	100%

The accompanying notes are an integral part of these financial statements.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
 COMBINED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined 2020
Cash flows from operating activities:			
Increase in net assets	\$ 523,210	\$ 2,037,724	\$ 2,560,934
Adjustments to reconcile increase in net assets to cash provided by (used in) operating activities			
Depreciation	129,606	545,909	675,515
Contributions of stock	(217,568)	-	(217,568)
Proceeds from sale of contributed stock	217,568	-	217,568
Realized gain on sale of investments	(20,211)	(6,759)	(26,970)
Unrealized gain on investments	(136,077)	(1,710,330)	(1,846,407)
Change in charitable gift annuity	22,742	-	22,742
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(2,496)	-	(2,496)
Prepays and other assets	35,416	-	35,416
Promises to give and contributions for long term purposes	(1,420,544)	-	(1,420,544)
Increase (decrease) in:			
Accounts payable and accrued expenses	(58,325)	-	(58,325)
Total adjustments	<u>(1,449,889)</u>	<u>(1,171,180)</u>	<u>(2,621,069)</u>
Net cash provided by (used in) operating activities	<u>(926,679)</u>	<u>866,544</u>	<u>(60,135)</u>
Cash flows from investing activities:			
Purchase of property and equipment	(1,296,862)	-	(1,296,862)
Transfer of property	210,940	(210,940)	-
Purchase of investments	(1,741,053)	(4,698,081)	(6,439,134)
Proceeds from the sale of investments	963,034	4,042,477	5,005,511
Net cash used in investing activities	<u>(1,863,941)</u>	<u>(866,544)</u>	<u>(2,730,485)</u>
Cash flows from financing activities:			
Increase in construction payable	258,399	-	258,399
Contributions received for long term purposes	1,224,981	-	1,224,981
Net cash provided by financing activities	<u>1,483,380</u>	<u>-</u>	<u>1,483,380</u>
Decrease in cash and cash equivalents	(1,307,240)	-	(1,307,240)
Cash and cash equivalents at beginning of year	2,385,819	-	2,385,819
Cash and cash equivalents at end of year	<u>\$ 1,078,579</u>	<u>\$ -</u>	<u>\$ 1,078,579</u>

The accompanying notes are an integral part of these financial statements.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
 COMBINED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Eagle Ranch, Inc.</u>	<u>Eagle Ranch Foundation, Inc.</u>	<u>Combined 2019</u>
Cash flows from operating activities:			
Increase (decrease) in net assets	\$ (219,148)	\$ 4,344,589	\$ 4,125,441
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities			
Depreciation	117,670	543,373	661,043
Contributions of stock	(75,545)	-	(75,545)
Proceeds from sale of contributed stock	75,545	-	75,545
Contributions of property and equipment	(48,499)	-	(48,499)
Gain on sale of property, equipment and other assets	(64,029)	-	(64,029)
Realized gain on sale of investments	(7,463)	(148,093)	(155,556)
Unrealized gain on investments	(196,844)	(1,974,721)	(2,171,565)
Change in charitable gift annuity	20,354	-	20,354
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(844)	-	(844)
Prepays and other assets	(26,044)	-	(26,044)
Promises to give and contributions for long term purposes	(2,118,881)	-	(2,118,881)
Increase (decrease) in:			
Accounts payable and accrued expenses	23,036	-	23,036
Total adjustments	<u>(2,301,544)</u>	<u>(1,579,441)</u>	<u>(3,880,985)</u>
Net cash provided by (used in) operating activities	<u>(2,520,692)</u>	<u>2,765,148</u>	<u>244,456</u>
Cash flows from investing activities:			
Purchase of property and equipment	(933,693)	-	(933,693)
Transfer of property	2,679,836	(2,679,836)	-
Proceeds from sale of equipment and donated assets	20,529	-	20,529
Purchase of investments	(3,589,901)	(920,035)	(4,509,936)
Proceeds from the sale of investments	<u>3,066,942</u>	<u>834,723</u>	<u>3,901,665</u>
Net cash provided by (used in) investing activities	<u>1,243,713</u>	<u>(2,765,148)</u>	<u>(1,521,435)</u>
Cash flows from financing activities:			
Contributions received for long term purposes	<u>2,061,690</u>	<u>-</u>	<u>2,061,690</u>
Net cash provided by financing activities	<u>2,061,690</u>	<u>-</u>	<u>2,061,690</u>
Increase in cash and cash equivalents	784,711	-	784,711
Cash and cash equivalents at beginning of year	<u>1,601,108</u>	<u>-</u>	<u>1,601,108</u>
Cash and cash equivalents at end of year	<u>\$ 2,385,819</u>	<u>\$ -</u>	<u>\$ 2,385,819</u>

The accompanying notes are an integral part of these financial statements.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Nature of Organizations and Significant Accounting Policies

The Organizations

Eagle Ranch, Inc., (the Ranch) founded in 1982, is a non-profit, Christ-centered home for children ages six to eighteen who are in need of a stronger family support system. The goal of the Ranch is the spiritual, intellectual, emotional, social, and physical development of children and eventual reunification with their natural families, whenever possible. The combined financial statements include the accounts of the Ranch and its supporting affiliate (collectively, the Organizations). The Ranch's supporting affiliate is the Eagle Ranch Foundation, Inc. (the Foundation), which was formed to manage the portfolio of investments of the Ranch and has its own Board of Directors.

Since the Foundation was initially funded with the transfer of the Ranch's endowment funds to the Foundation, and since there is certain common control and management of these entities, it is the policy of the Ranch to present combined financial statements showing each entity.

Basis of Presentation

Financial statement presentation follows the recommendations of professional standards. In accordance with professional standards, the Organizations are required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on stipulations made by the donor.

Basis of Accounting

The accounts of the Ranch and the Foundation are maintained, and these combined statements are presented, on the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America.

Contributions

The Organizations account for contributions in accordance with the recommendations of professional standards. In accordance with professional standards, contributions received are recorded as increases in net assets without donor restrictions, or net assets with donor restrictions, depending on the existence or nature of donor restrictions. All donor-restricted contributions are reported as increases in net assets with purpose restrictions or in perpetuity depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with purpose restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Nature of Organizations and Significant Accounting Policies – Continued

Contributed Property and Equipment

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Marketable Securities and Other Assets

Non-cash contributions of marketable securities or other assets are recorded at fair market value on the date of receipt.

Promises to Give

Unconditional promises to give are recognized as support in the period in which the donor makes the promise. The Organizations report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with purpose or time restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Investments and Spending Policy

Investments are carried at market in accordance with professional standards. Realized and unrealized gains or losses from investments are reflected in the statements of activities. It is the policy of the Foundation's Board of Trustees (the Trustees) to invest in such a manner as to achieve a balanced approach. Further, the Trustees have approved and implemented an annual spending policy related to its invested funds.

The spending policy stipulates that five percent (5.0%) of the market value of the investment portfolio based on a three-year rolling average, determined at September 30th of each year, shall be available to the Ranch during its next fiscal year, unless otherwise restricted by the donor. Distributions are made to the Ranch on a quarterly basis. During 2020 and 2019, the Foundation made distributions in the amount of \$692,220 and \$645,016, respectively.

Investment income consisting of dividends and interest (as well as any capital gains that may be necessary to achieve the percent allocation) along with any contributions without donor restrictions received by the Foundation are transferred to the Ranch when requested. Interest, dividends, realized and unrealized gains or losses in excess of the percent allocated are recorded as increases or decreases in net assets without donor restrictions.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Nature of Organizations and Significant Accounting Policies – Continued

Property and Equipment

The Organizations follow the practice of capitalizing all expenditures for property and equipment in excess of \$7,500; the fair value of donated property and equipment is similarly capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. These lives are estimated at three to five years for computer equipment and software, five to seven years for furniture and equipment, and fifteen to forty years for building and improvements. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss resulting from the disposition is reported in the combined statement of activities.

The Organizations evaluate their long-lived assets for indicators of possible impairment by comparing the carrying amounts of such assets to future net undiscounted cash flows expected to be generated by such assets when events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable. Should an impairment exist, the impairment loss would be measured based on the excess of the asset's carrying value over the asset's estimated fair value, which would normally be determined by discounting estimated future cash flows.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, wages, and related expenses, depreciation, insurance, and repairs and maintenance which are allocated on the basis of estimates of time and effort.

Donated Equipment, Material, Food and Services

In accordance with professional standards, contributions of services are recognized if the service received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if the market value of the donated item is readily available and the item meets the criteria for recognition under professional standards. During 2020 and 2019, the Ranch recorded donated equipment, materials and food of approximately \$105,461 and \$130,343, respectively.

Finally, the Ranch received a substantial amount of services donated by volunteers in carrying out the Ranch's programs and activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under professional standards.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Nature of Organizations and Significant Accounting Policies – Continued

Advertising Expense

Advertising costs are expensed as incurred.

Tax-Exempt Status

As provided under Internal Revenue Code Section 501(c)(3) for nonprofit organizations, both the Ranch and the Foundation are exempt from federal and state income taxes related to their exempt function activities. Therefore, no provision for income taxes is provided. In addition, the Foundation has been determined by the Internal Revenue Service not to be a ‘private foundation’ within the meaning of Section 509(a) of the Internal Revenue Code.

The Organizations believe that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Income from certain activities not directly related to the Organizations’ tax-exempt purpose is subject to taxation as unrelated business income. For the years ended December 31, 2020 and 2019, the Organizations did have unrelated business income. The tax provision for years ended December 31, 2020 and 2019 was \$2,136 and \$1,397, respectively and are included in the statements of functional expenses. As of December 31, 2020, fiscal years 2017-2020 remain open for examination by federal and state tax authorities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk and Uncertainties

During the year ended December 31, 2020, the global coronavirus pandemic threatened to deeply harm global growth. This has affected the U.S. and global equity markets, as well as eroded consumer confidence and deepened unemployment. It is uncertain how this volatility in the financial markets and general economic conditions may affect the Organization’s operations and contribution income in the future.

While the Organization believes it has the resources to continue its programs, its ability to do so may be dependent on many factors. The Organization is heavily dependent upon contributions to support its operations. The ability of donors to continue giving may be affected by current and future overall economic conditions.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Nature of Organizations and Significant Accounting Policies – Continued

Reclassification of Amounts

Certain amounts previously reported have been reclassified to conform to the current year financial presentation. Such reclassification had no effect on changes in net assets.

2. Liquidity and Availability of Financial Assets

The Organizations are substantially supported by contributions with and without donor restrictions. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organizations consider cash and investments that are not restricted for long term purposes available for use. General expenditures may be incurred for program administrative , or fundraising purposes.

The Organizations receive significant contributions restricted by donors for programs which are ongoing, major, and central to its annual operations. As such donor-restricted contributions of \$8,147,023 and \$6,678,000 are included in financial assets available to meet cash needs for general expenditures within one year at December 31, 2020 and 2019, respectively.

The Organizations' Boards have designated resources without donor restrictions of \$5,950,622 and \$5,194,774 for emergency operations and various other purposes at December 31, 2020 and 2019, respectively. These purposes are for activities which are ongoing, major, and central to the Organizations' operations. Accordingly, these amounts are included in the quantitative information in the table below. These funds are included in cash and investments and may be spent at the discretion of the Boards.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. Liquidity and Availability of Financial Assets – Continued

The Organizations' financial assets at December 31 available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

2020	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined
Cash and cash equivalents	\$ 1,078,579	\$ -	\$ 1,078,579
Accounts receivable	3,340	-	3,340
Unconditional promises to give	281,222	-	281,222
Investments - short-term	3,358,845	-	3,358,845
Investments - long-term	-	17,616,338	17,616,338
Total financial assets available	4,721,986	17,616,338	22,338,324
Less:			
Long-term purpose restrictions	(824,481)	(644,806)	(1,469,287)
Perpetual restriction on investments	-	(5,171,338)	(5,171,338)
Plus:			
5% distribution from the endowment for 2021	755,804	(755,804)	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,653,309</u>	<u>\$ 11,044,390</u>	<u>\$ 15,697,699</u>
2019	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined
Cash and cash equivalents	\$ 2,385,819	\$ -	\$ 2,385,819
Accounts receivable	844	-	844
Unconditional promises to give	85,659	-	85,659
Investments - short-term	2,545,098	-	2,545,098
Investments - long-term	-	15,243,648	15,243,648
Total financial assets available	5,017,420	15,243,648	20,261,068
Less:			
Long-term purpose restrictions	(1,309,153)	(572,394)	(1,881,547)
Perpetual restriction on investments	-	(4,891,282)	(4,891,282)
Plus:			
5% distribution from the endowment for 2020	692,220	(692,220)	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,400,487</u>	<u>\$ 9,087,752</u>	<u>\$ 13,488,239</u>

The Organizations structure their financial assets to be available as their general expenditure, liabilities, and other obligations come due. The Foundation has an endowment fund as described in Note 10. The Foundation maintains a spending policy of 5% based on a three-year rolling average of the Foundation's investment portfolio. However, the Board may appropriate additional funds from the accumulated earnings at its discretion. In addition to financial assets available to meet general expenditures over the next twelve months, the Organizations utilize an operating budget and anticipate collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

3. Unconditional Promises to Give, Net

Unconditional promises to give consist of the following at December 31:

		2020		2019
Foundation	\$	20,000	\$	40,000
Georgia GOAL Scholarship program		261,222		45,659
Total unconditional promises to give	\$	281,222	\$	85,659

Management believes that all of its unconditional promises to give are collectible; therefore, no allowance for uncollectible accounts has been established. Unconditional promises to give are expected to be collected during 2021.

4. Investments

The Organizations classify their investment assets using a hierarchy of inputs to fair value measurements in accordance with professional standards, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organizations have the ability to access;

Level 2 – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. Investments – Continued

The fair market value of long-term investments is summarized in the next two tables:

December 31, 2020:	Fair Value Hierarchy Level	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined
Equity stocks and mutual funds	1	\$ 1,024,441	\$ 12,261,352	\$ 13,285,793
Fixed income securities	1	331,455	-	331,455
Money markets and other cash	2	20,090	512,432	532,522
U.S. Treasuries	1	-	413,735	413,735
Exchange-traded funds	1	-	4,330,506	4,330,506
Real estate investment trust	3	-	98,313	98,313
Investment in limited partnerships and other	3	66,295	-	66,295
Balance at end of year		<u>\$ 1,442,281</u>	<u>\$ 17,616,338</u>	<u>\$ 19,058,619</u>

December 31, 2019:	Fair Value Hierarchy Level	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined
Equity stocks and mutual funds	1	\$ 944,366	\$ 9,724,989	\$ 10,669,355
Fixed income securities	1	309,014	3,498,928	3,807,942
Inflation hedges	1	-	151,541	151,541
Hedge strategies	1	-	322,614	322,614
Money markets and other cash	2	30,374	507,948	538,322
U.S. Treasuries	1	-	1,037,628	1,037,628
Investment in limited partnerships and other	3	66,117	-	66,117
Balance at end of year		<u>\$ 1,349,871</u>	<u>\$ 15,243,648</u>	<u>\$ 16,593,519</u>

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. Investments – Continued

The following table presents the activity for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined by GAAP at:

<u>December 31, 2020:</u>	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined
Beginning balance	\$ 66,117	\$ -	\$ 66,117
Purchases	-	98,313	98,313
Sales	-	-	-
Unrealized gain (loss)	178	-	178
Ending balance	<u>\$ 66,295</u>	<u>\$ 98,313</u>	<u>\$ 164,608</u>
<u>December 31, 2019:</u>			
Beginning balance	\$ 48,878	\$ -	\$ 48,878
Purchases	-	-	-
Sales	-	-	-
Unrealized gain (loss)	17,239	-	17,239
Ending balance	<u>\$ 66,117</u>	<u>\$ -</u>	<u>\$ 66,117</u>

Investment income consists of interest and dividends received net of any direct costs and fees associated with the investment accounts. At December 31, 2020 and 2019, investment fees at the Ranch totaled \$16,751 and \$16,158, respectively, and at the Foundation totaled \$69,453 and \$68,815, respectively.

The Ranch has investments held in various pooled funds at the North Georgia Community Foundation, the Community Foundation for Northeast Georgia, and the Community Foundation for Greater Atlanta, Inc. The Ranch records its interest in these funds based on the fair value of the assets contributed to these funds. Subsequent adjustments to the carrying value are recorded as gains and/or losses with or without donor restrictions based on the stipulations made by the donor. Long-term investments by net asset class are as follows at:

<u>December 31, 2020:</u>	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined
Without donor restrictions	\$ 1,442,281	\$ 4,485,409	\$ 5,927,690
Purpose restrictions	-	7,959,592	7,959,592
Perpetual in nature	-	5,171,337	5,171,337
Balance at end of year	<u>\$ 1,442,281</u>	<u>\$ 17,616,338</u>	<u>\$ 19,058,619</u>
<u>December 31, 2019:</u>			
Without donor restrictions	\$ 1,349,871	\$ 3,606,056	\$ 4,955,927
Purpose restrictions	-	6,746,310	6,746,310
Perpetual in nature	-	4,891,282	4,891,282
Balance at end of year	<u>\$ 1,349,871</u>	<u>\$ 15,243,648</u>	<u>\$ 16,593,519</u>

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. Investments – Continued

Investments held for short-term purposes consist of the following at:

<u>December 31, 2020:</u>	Fair Value Hierarchy Level	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined
Cash value of life insurance	*	\$ 39,712	\$ -	\$ 39,712
Exchange-traded funds	1	10,141	-	10,141
U.S. Treasuries	1	2,484,275	-	2,484,275
Money market	2	824,717	-	824,717
Balance at end of year		<u>\$ 3,358,845</u>	<u>\$ -</u>	<u>\$ 3,358,845</u>
<u>December 31, 2019:</u>				
Cash value of life insurance	*	\$ 37,928	\$ -	\$ 37,928
Fixed income securities	1	1,347,665	-	1,347,665
U.S. Treasuries	1	1,142,200	-	1,142,200
Money market	2	17,305	-	17,305
Balance at end of year		<u>\$ 2,545,098</u>	<u>\$ -</u>	<u>\$ 2,545,098</u>

* Not subject to leveling under Fair Value Hierarchy per ASC 820

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. Property and Equipment, Net

Components of property and equipment consist of the following at:

December 31, 2020:	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined
Land and infrastructure	\$ -	\$ 3,151,048	\$ 3,151,048
Buildings and improvements	62,569	16,116,297	16,178,866
Furniture and fixtures	1,102,678	-	1,102,678
Office equipment	292,565	-	292,565
Machinery and equipment	117,404	-	117,404
Farm equipment	40,938	-	40,938
Vehicles	741,926	-	741,926
	<u>2,358,080</u>	<u>19,267,345</u>	<u>21,625,425</u>
Less accumulated depreciation	<u>(1,901,872)</u>	<u>(8,576,145)</u>	<u>(10,478,017)</u>
	456,208	10,691,200	11,147,408
Construction in progress	<u>1,166,109</u>	<u>-</u>	<u>1,166,109</u>
Property and equipment, net	<u>\$ 1,622,317</u>	<u>\$ 10,691,200</u>	<u>\$ 12,313,517</u>
<u>December 31, 2019:</u>			
Land and infrastructure	\$ -	\$ 3,151,048	\$ 3,151,048
Buildings and improvements	62,569	15,905,356	15,967,925
Furniture and fixtures	1,102,678	-	1,102,678
Office equipment	244,065	-	244,065
Machinery and equipment	117,404	-	117,404
Farm equipment	40,938	-	40,938
Vehicles	736,779	-	736,779
	<u>2,304,433</u>	<u>19,056,404</u>	<u>21,360,837</u>
Less accumulated depreciation	<u>(1,794,216)</u>	<u>(8,030,238)</u>	<u>(9,824,454)</u>
	510,217	11,026,166	11,536,383
Construction in progress	<u>155,785</u>	<u>-</u>	<u>155,785</u>
Property and equipment, net	<u>\$ 666,002</u>	<u>\$ 11,026,166</u>	<u>\$ 11,692,168</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$129,606 and \$117,670, respectively, as recorded by the Ranch. Depreciation expense for the years ended December 31, 2020 and 2019 was \$545,909 and \$543,373, respectively, as recorded by the Foundation.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. Property and Equipment, Net – Continued

Construction in progress for year ended December 31, 2020 consist of construction of the new WINGS Counseling Center (Center) and renovations of various properties of the Ranch. The Center is expected to be opened in Spring 2021 and will offer counseling services to the general public. The Center will institute a new major program for the Ranch. Construction in progress for year ended December 31, 2019 consist primarily of construction costs of girl’s pavilion and work in progress for new website both of which were placed in service during 2020.

6. Charitable Gift Annuity Obligations

The Ranch has received gift annuities whereby the donors may contribute assets to the Ranch in exchange for the right to receive a fixed-dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the present value of the liability for future payments, determined on an actuarial basis, is recognized as a contribution without donor restriction at the date of the gift.

The annuity liability is revalued annually based upon actuarially computed present value. At December 31, 2020 and 2019, the present value was calculated at a discount rate of 2.0% for the annuities received prior to 2019 and at a discount rate of 3.6% for the annuity received during 2019. The resulting actuarial gain (loss) is recorded as revenue without donor restriction.

The assets and corresponding liabilities (the present value of the estimated future actuarial liability to annuitants) of the gift annuities are as follows as of December 31:

	2020	2019
Investments (short-term)	\$ 62,954	\$ 89,105
Annuity payable	\$ 96,568	\$ 101,976

7. Designated Net Assets

Net assets designated by the Board of Directors of the Ranch are as follows at December 31:

	2020	2019
Emergency operations reserve	\$ 1,600,000	\$ 1,589,000
Other reserves	181,105	304,803
	\$ 1,781,105	\$ 1,893,803

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. Designated Net Assets – Continued

Net assets designated by the Board of Trustees of the Foundation are as follows at December 31:

	2020	2019
Endowment	\$ 1,075,068	\$ 923,670
Eagle Ranch School	1,697,594	1,154,479
Repairs and maintenance	103,575	90,671
Home maintenance	1,293,280	1,132,151
	<u>\$ 4,169,517</u>	<u>\$ 3,300,971</u>

8. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following amounts at:

December 31, 2020:	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined
Purpose restricted:			
Educational	\$ 324,871	\$ 625,379	\$ 950,250
Facilities	744,841	644,806	1,389,647
Operational programs	587,006	6,689,407	7,276,413
Total purpose restricted net assets	<u>1,656,718</u>	<u>7,959,592</u>	<u>9,616,310</u>
Perpetual in nature: Endowed net assets - Note 10	<u>-</u>	<u>5,171,338</u>	<u>5,171,338</u>
Net assets with donor restrictions	<u>\$ 1,656,718</u>	<u>\$ 13,130,930</u>	<u>\$ 14,787,648</u>

December 31, 2019:	Eagle Ranch, Inc.	Eagle Ranch Foundation, Inc.	Combined
Purpose restricted:			
Educational	\$ 193,406	\$ 553,321	\$ 746,727
Facilities	1,054,299	572,394	1,626,693
Operational programs	565,532	5,620,595	6,186,127
Total purpose restricted net assets	<u>1,813,237</u>	<u>6,746,310</u>	<u>8,559,547</u>
Perpetual in nature: Endowed net assets - Note 10	<u>-</u>	<u>4,891,282</u>	<u>4,891,282</u>
Net assets with donor restrictions	<u>\$ 1,813,237</u>	<u>\$ 11,637,592</u>	<u>\$ 13,450,829</u>

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

9. Net Assets Released from Restriction

The following net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors:

<u>Year Ended December 31, 2020:</u>	<u>Eagle Ranch, Inc.</u>	<u>Eagle Ranch Foundation, Inc.</u>	<u>Combined</u>
Net assets released from program restrictions:			
Counseling	\$ 122,616	\$ -	\$ 122,616
Home Therapy	398,533	-	398,533
Education	361,756	-	361,756
	<u>882,905</u>	<u>-</u>	<u>882,905</u>
Net assets released from other restrictions:			
General and administrative	16,084	-	16,084
Fundraising	96,500	-	96,500
Purchase of property and equipment	1,284,885	-	1,284,885
	<u>1,397,469</u>	<u>-</u>	<u>1,397,469</u>
Net assets released from restrictions	<u>\$ 2,280,374</u>	<u>\$ -</u>	<u>\$ 2,280,374</u>
<u>Year Ended December 31, 2019:</u>	<u>Eagle Ranch, Inc.</u>	<u>Eagle Ranch Foundation, Inc.</u>	<u>Combined</u>
Net assets released from program restrictions:			
Counseling	\$ 180,963	\$ -	\$ 180,963
Home Therapy	433,780	-	433,780
Education	570,707	-	570,707
	<u>1,185,450</u>	<u>-</u>	<u>1,185,450</u>
Net assets released from other restrictions:			
General and administrative	49,476	-	49,476
Fundraising	23,128	-	23,128
Purchase of property and equipment	933,693	-	933,693
	<u>1,006,297</u>	<u>-</u>	<u>1,006,297</u>
Net assets released from restrictions	<u>\$ 2,191,747</u>	<u>\$ -</u>	<u>\$ 2,191,747</u>

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. Endowed Net Assets

The Uniform Management of Institutional Fund Act of (UPMIFA), effective in Georgia on July 1, 2008, provides standards for charities to use in managing their investment and spending from endowments. UPMIFA applies to funds held by charitable entities. The overarching duty of the charity's managers is to comply with donor intent with respect to gift funds as expressed in the gift instrument. The managers must comply with the duty of the loyalty and must manage and invest the funds "in good faith and with the care of an ordinarily prudent person in a like position would exercise under similar circumstances." Costs incurred in the management of the funds must be appropriate and reasonable.

The Foundation's investments have a long-term focus and the objective for the fund is to maintain a moderate current income and to achieve an above average growth in principal over the long-term in excess of inflation. This objective can be obtained through a well-diversified portfolio.

Net assets perpetual in nature consist of several donor restricted endowment funds for which the income and gains are used to support the following purposes:

- 1) a trust to be maintained in perpetuity to support the Girls Ranch operations.
- 2) a trust to be maintained in perpetuity to support staff development.
- 3) a trust to be maintained in perpetuity to support the director and the assistant of the spiritual life program.
- 4) a trust to be maintained in perpetuity to support continued counseling services for families after a child returns home.
- 5) trusts to be maintained in perpetuity to support specific current needs of the Ranch through the Soaring Futures Legacy program.
- 6) a trust to be maintained in perpetuity to support the Ranch's core services through the Soaring Futures Legacy program.

Accumulated earnings on the first five endowment funds are classified as net assets with purpose restrictions until appropriated for expenditures for the intended purpose. Accumulated earnings on the Soaring Futures Legacy program endowment fund are classified as net assets without donor restrictions, and the fund balance is included in designated net assets in Note 7. In addition, the Board of Trustees of the Foundation has classified the other designated net assets fund balances described in Note 7 as endowed net assets without donor restrictions.

The Investment Committee of the Board of Trustees of the Foundation oversees the administration of and the distribution of the endowment funds.

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. Endowed Net Assets – Continued

Decisions about individual assets must be made as part of an overall investment strategy and investments must be diversified. The institution, subject to the intent of the donor expressed in a gift instrument, “may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines prudent for the uses, benefits, purposes, and duration for which the endowment fund is established.”

The Foundation’s endowment net assets by type of fund and related changes consist of the following as of:

December 31, 2020:	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	Perpetual	
Endowment net assets, beginning of year	\$ 3,300,971	\$ 677,401	\$ 4,891,282	\$ 8,869,654
Contributions	385,337	2,500	280,056	667,893
Investment income, net	136,225	130,567	-	266,792
Net appreciation of investments	517,648	498,427	-	1,016,075
Appropriation of endowment assets for expenditure	<u>(170,664)</u>	<u>(202,044)</u>	<u>-</u>	<u>(372,708)</u>
Endowment net assets, end of year	<u>\$ 4,169,517</u>	<u>\$ 1,106,851</u>	<u>\$ 5,171,338</u>	<u>\$ 10,447,706</u>
<u>December 31, 2019:</u>				
Endowment net assets, beginning of year, as restated	\$ 2,590,937	\$ 135,984	\$ 4,728,120	\$ 7,455,041
Contributions	200,000	-	163,162	363,162
Investment income, net	73,769	80,444	-	154,213
Net appreciation of investments	581,145	640,401	-	1,221,546
Appropriation of endowment assets for expenditure	<u>(144,880)</u>	<u>(179,428)</u>	<u>-</u>	<u>(324,308)</u>
Endowment net assets, end of year, as restated	<u>\$ 3,300,971</u>	<u>\$ 677,401</u>	<u>\$ 4,891,282</u>	<u>\$ 8,869,654</u>

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

11. Tax-Deferred Annuity Plan

The Ranch has entered into a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. However, the Ranch does not match any amounts contributed to this plan, and therefore has no expenses to this plan during the years ended December 31, 2020 and 2019.

12. Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organizations have a significant concentration of cash deposited in several financial institutions. The balance in the Organizations' bank accounts as reflected in the bank records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of December 31, 2020 and 2019. The Organizations' did not have an uninsured balance at December 31, 2020. At December 31, 2019, the cash balances exceeded the FDIC limit by \$1,294,571.

The investments held by the Organizations are insured by the Securities Investor Protection Corporation (SIPC). The SIPC insures up to \$500,000 in each institution. At December 31, 2020 and 2019, the investments exceeding the SIPC limit totaled \$19,399,139 and \$16,237,746, respectively.

13. Supplemental Cash Flow Information

During the years ended December 31, 2020 and 2019, the Ranch paid income taxes of \$2,136 and \$1,397, respectively.

14. Commitments

The Ranch entered into a contract during 2020 related to the construction of the WINGS Counseling Center. Construction began in 2020 and total construction costs are estimated to be approximately \$2,200,000. Commitments outstanding at December 31, 2020 as a result of this contract total approximately \$1,400,000.

15. Subsequent Events

Subsequent events have been evaluated through March 19, 2021, which is the date of the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
STATEMENT OF ACTIVITIES – EAGLE RANCH, INC.
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	Perpetual	
Support and revenue:				
Public support contributions	\$ 3,487,115	\$ 2,481,693	\$ -	\$ 5,968,808
Fundraising revenues, net of direct expense	142,905	-	-	142,905
Program service revenue	218,502	-	-	218,502
Investment income	31,115	-	-	31,115
Realized and unrealized gain on investments	156,287	-	-	156,287
Change in value of charitable gift annuity, net	(22,742)	-	-	(22,742)
Other income	22,321	-	-	22,321
Total support and revenue	<u>4,035,503</u>	<u>2,481,693</u>	<u>-</u>	<u>6,517,196</u>
Net assets released from restrictions and transfers of net assets:				
Transfers of net assets	(59,773)	(357,838)	-	(417,611)
Satisfaction of program restrictions	<u>2,280,374</u>	<u>(2,280,374)</u>	<u>-</u>	<u>-</u>
Total support, revenue and net assets released from restrictions	<u>6,256,104</u>	<u>(156,519)</u>	<u>-</u>	<u>6,099,585</u>
Expenses:				
Program services:				
Counseling	1,023,244	-	-	1,023,244
Home Therapy	2,334,179	-	-	2,334,179
Education	<u>979,871</u>	<u>-</u>	<u>-</u>	<u>979,871</u>
Total program services	<u>4,337,294</u>	<u>-</u>	<u>-</u>	<u>4,337,294</u>
Supporting services:				
Management and general	678,404	-	-	678,404
Fundraising	<u>560,677</u>	<u>-</u>	<u>-</u>	<u>560,677</u>
Total supporting services	<u>1,239,081</u>	<u>-</u>	<u>-</u>	<u>1,239,081</u>
Total expenses	<u>5,576,375</u>	<u>-</u>	<u>-</u>	<u>5,576,375</u>
Increase (decrease) in net assets	679,729	(156,519)	-	523,210
Net assets, beginning of year	<u>4,993,145</u>	<u>1,813,237</u>	<u>-</u>	<u>6,806,382</u>
Net assets, end of year	<u>\$ 5,672,874</u>	<u>\$ 1,656,718</u>	<u>\$ -</u>	<u>\$ 7,329,592</u>

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
STATEMENT OF ACTIVITIES – EAGLE RANCH, INC.
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	Perpetual	
Support and revenue:				
Public support contributions	\$ 3,751,736	\$ 3,225,833	\$ -	\$ 6,977,569
Fundraising revenues, net of direct expense	113,669	-	-	113,669
Program service revenue	237,998	-	-	237,998
Investment income	49,446	-	-	49,446
Realized and unrealized gain on investments	204,308	-	-	204,308
Gain on sale of property and equipment and other assets	64,029	-	-	64,029
Change in value of charitable gift annuity, net	(20,354)	-	-	(20,354)
Other income	17,360	-	-	17,360
Total support and revenue	4,418,192	3,225,833	-	7,644,025
Net assets released from restrictions and transfers of net assets:				
Transfers of net assets	(2,365,672)	(132,310)	-	(2,497,982)
Satisfaction of program restrictions	2,191,747	(2,191,747)	-	-
Total support, revenue and net assets released from restrictions	4,244,267	901,776	-	5,146,043
Expenses:				
Program services:				
Counseling	1,023,163	-	-	1,023,163
Home Therapy	2,363,113	-	-	2,363,113
Education	866,132	-	-	866,132
Total program services	4,252,408	-	-	4,252,408
Supporting services:				
Management and general	633,186	-	-	633,186
Fundraising	479,597	-	-	479,597
Total supporting services	1,112,783	-	-	1,112,783
Total expenses	5,365,191	-	-	5,365,191
Increase (decrease) in net assets	(1,120,924)	901,776	-	(219,148)
Net assets, beginning of year	6,114,069	911,461	-	7,025,530
Net assets, end of year	\$ 4,993,145	\$ 1,813,237	\$ -	\$ 6,806,382

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
STATEMENT OF ACTIVITIES – EAGLE RANCH FOUNDATION, INC.
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions Purpose		Total
		Restrictions	Perpetual	
Support and revenue:				
Public support contributions	\$ -	\$ -	\$ -	\$ -
Fundraising revenues, net of direct expense	-	-	-	-
Program service revenue	-	-	-	-
Investment income	142,834	306,099	-	448,933
Realized and unrealized gain on investments	548,721	1,168,368	-	1,717,089
Gain on sale of property and equipment and other assets	-	-	-	-
Change in value of charitable gift annuity, net	-	-	-	-
Other income	-	-	-	-
Total support and revenue	691,555	1,474,467	-	2,166,022
Net assets released from restrictions and transfers of net assets:				
Transfers of net assets	398,740	(261,185)	280,056	417,611
Satisfaction of program restrictions	-	-	-	-
Total support, revenue and net assets released from restrictions	1,090,295	1,213,282	280,056	2,583,633
Expenses:				
Program services:				
Counseling	16,377	-	-	16,377
Home Therapy	398,512	-	-	398,512
Education	109,181	-	-	109,181
Total program services	524,070	-	-	524,070
Supporting services:				
Management and general	16,377	-	-	16,377
Fundraising	5,462	-	-	5,462
Total supporting services	21,839	-	-	21,839
Total expenses	545,909	-	-	545,909
Increase in net assets	544,386	1,213,282	280,056	2,037,724
Net assets, beginning of year	14,632,222	6,746,310	4,891,282	26,269,814
Net assets, end of year	\$ 15,176,608	\$ 7,959,592	\$ 5,171,338	\$ 28,307,538

EAGLE RANCH, INC. AND SUPPORTING AFFILIATE
STATEMENT OF ACTIVITIES – EAGLE RANCH FOUNDATION, INC.
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions Purpose		Total
		Restrictions	Perpetual	
Support and revenue:				
Public support contributions	\$ -	\$ -	\$ -	\$ -
Fundraising revenues, net of direct expense	-	-	-	-
Program service revenue	-	-	-	-
Investment income	78,007	189,159	-	267,166
Realized and unrealized gain on investments	619,816	1,502,998	-	2,122,814
Gain on sale of property and equipment and other assets	-	-	-	-
Change in value of charitable gift annuity, net	-	-	-	-
Other income	-	-	-	-
Total support and revenue	697,823	1,692,157	-	2,389,980
Net assets released from restrictions and transfers of net assets:				
Transfers of net assets	2,802,112	(467,292)	163,162	2,497,982
Satisfaction of program restrictions	-	-	-	-
Total support, revenue and net assets released from restrictions	3,499,935	1,224,865	163,162	4,887,962
Expenses:				
Program services:				
Counseling	16,301	-	-	16,301
Home Therapy	396,662	-	-	396,662
Education	108,675	-	-	108,675
Total program services	521,638	-	-	521,638
Supporting services:				
Management and general	16,301	-	-	16,301
Fundraising	5,434	-	-	5,434
Total supporting services	21,735	-	-	21,735
Total expenses	543,373	-	-	543,373
Increase in net assets	2,956,562	1,224,865	163,162	4,344,589
Net assets, beginning of year	11,675,660	5,521,445	4,728,120	21,925,225
Net assets, end of year	\$ 14,632,222	\$ 6,746,310	\$ 4,891,282	\$ 26,269,814