

**Roundup River Ranch**

**Financial Report**

**October 31, 2022**



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**Roundup River Ranch  
(A Colorado Non-Profit Corporation)  
October 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Roundup River Ranch  
Gypsum, CO**

### ***Opinion***

We have audited the financial statements of Roundup River Ranch (the "Ranch"), a Colorado non-profit corporation, which comprise the statement of financial position as of October 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ranch as of October 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Ranch and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ranch's ability to continue as a going concern for one year after the date that the financial statements are issued.

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Roundup River Ranch**  
**Gypsum, CO**

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ranch's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ranch's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited the Ranch's October 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McMahan and Associates, L.L.C.*  
**McMahan and Associates, L.L.C.**  
**Avon, Colorado**  
**January 26, 2023**

**Roundup River Ranch**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Financial Position**  
**October 31, 2022**  
**(With Comparative Totals for 2021)**

	<b>2022</b>	<b>2021</b>
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	6,900,894	4,908,838
Investments	866,769	2,494,303
Current portion of pledges receivable (net of allowance for doubtful accounts of \$87,500 (2020 - \$87,500))	1,403,598	2,521,496
Prepaid expenses and other current assets	1,500	1,500
<b>Total Current Assets</b>	<b>9,172,761</b>	<b>9,926,137</b>
<b>Non-current assets:</b>		
Restricted cash and cash equivalents	75,500	75,500
Restricted investments	5,000,000	3,000,000
Pledges receivable, net of current portion	1,481,580	3,604,690
Capital assets, net	15,113,906	14,872,190
<b>Total Non-current Assets</b>	<b>21,670,986</b>	<b>21,552,380</b>
 <b>Total Assets</b>	<b>30,843,747</b>	<b>31,478,517</b>
 <b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	120,448	95,986
Accrued payroll and payroll taxes	258,146	159,260
Notes payable	-	557,142
<b>Total Liabilities</b>	<b>378,594</b>	<b>812,388</b>
 <b>Net Assets:</b>		
Without donor restrictions	18,899,358	18,664,672
With donor restrictions	11,565,795	12,001,457
<b>Total Net Assets</b>	<b>30,465,153</b>	<b>30,666,129</b>
 <b>Total Liabilities and Net Assets</b>	<b>30,843,747</b>	<b>31,478,517</b>

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

**Roundup River Ranch**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Activities**  
**For the Year Ended October 31, 2022**  
**(With Comparative Totals for 2021)**

	<b>2022</b>			<b>2021</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>Revenues, gains, and support:</b>				
Contributions	2,530,688	2,432,769	4,963,457	5,121,875
Special event contributions	1,755,881	-	1,755,881	1,262,472
Special events	193,600	-	193,600	136,349
Contributed nonfinancial assets	332,301	-	332,301	272,545
Interest and dividends	(68,304)	-	(68,304)	132,961
Unrealized gain (loss) on investments	(330,949)	(732,063)	(1,063,012)	619,118
PPP loan forgiveness	-	-	-	458,562
Miscellaneous	8,727	-	8,727	3,726
Gain (Loss) on sale of assets	7,448	-	7,448	-
Net assets released from restrictions:				
Satisfaction of program restrictions	1,984,251	(1,984,251)	-	-
Expiration of time restrictions	152,117	(152,117)	-	-
<b>Total net assets released from restrictions</b>	<b>2,136,368</b>	<b>(2,136,368)</b>	<b>-</b>	<b>-</b>
<b>Total revenues and support</b>	<b>6,565,760</b>	<b>(435,662)</b>	<b>6,130,098</b>	<b>8,007,608</b>
<b>Expenses:</b>				
Salaries and labor	2,872,676	-	2,872,676	2,215,476
Payroll taxes and benefits	631,743	-	631,743	571,914
Professional services and fees	497,452	-	497,452	321,924
General administrative expenses	113,227	-	113,227	65,412
Camp programs and transportation	183,066	-	183,066	117,898
Advertising and promotion	133,164	-	133,164	158,015
Insurance	132,335	-	132,335	78,383
Medical and activity supplies	69,504	-	69,504	9,889
Food and kitchen supplies	68,313	-	68,313	1,111
Repairs and maintenance	141,458	-	141,458	149,001
Utilities and telephone	126,933	-	126,933	111,210
Contributed nonfinancial assets	332,301	-	332,301	272,545
Events	287,809	-	287,809	245,350
Depreciation	696,419	-	696,419	703,265
Miscellaneous	44,674	-	44,674	43,162
<b>Total Expenses</b>	<b>6,331,074</b>	<b>-</b>	<b>6,331,074</b>	<b>5,064,555</b>
<b>Change in Net Assets</b>	<b>234,686</b>	<b>(435,662)</b>	<b>(200,976)</b>	<b>2,943,053</b>
<b>Net Assets - Beginning of Year</b>	<b>18,664,672</b>	<b>12,001,457</b>	<b>30,666,129</b>	<b>27,723,076</b>
<b>Net Assets - End of Year</b>	<b>18,899,358</b>	<b>11,565,795</b>	<b>30,465,153</b>	<b>30,666,129</b>

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

**Roundup River Ranch**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Functional Expenses**  
**For the Year Ended October 31, 2022**  
**(With Comparative Totals for 2021)**

	<b>2022</b>				<b>2021</b>
	<b>Supporting Services</b>				<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	
Salaries and labor	2,000,477	269,608	602,590	2,872,675	2,215,476
Insurance	132,335	-	-	132,335	78,383
Utilities	72,612	14,000	-	86,612	70,453
Payroll taxes and benefits	422,121	61,473	148,149	631,743	571,913
Food and kitchen supplies	68,313	-	-	68,313	1,111
Medical and activity supplies	69,504	-	-	69,504	9,889
Medical services	3,300	-	-	3,300	1,965
Professional fees	73,743	103,303	121,268	298,314	191,377
Telephone	31,417	8,796	108	40,321	40,757
Advertising and promotion	13,235	664	121,266	135,165	166,884
Printing and postage	32,419	7,773	6,537	46,729	48,133
Travel and meetings	51,519	5,769	10,889	68,177	18,860
Office supplies	5,369	2,189	2,483	10,041	6,920
Depreciation	696,419	-	-	696,419	703,265
Grounds maintenance	170,675	-	-	170,675	168,849
Training and recruiting	36,022	15,298	18,022	69,342	23,933
Technology	48,674	9,942	56,988	115,604	66,873
Licenses and permits	13,621	-	-	13,621	6,892
Dues and subscriptions	14,972	533	6,343	21,848	11,465
Bank fees and interest	-	2,431	37,244	39,675	40,478
Events	-	-	287,809	287,809	245,350
Other	2,763	-	-	2,763	53
Other program expenses	117,788	-	-	117,788	102,731
Contributed nonfinancial assets	271,291	38,421	22,589	332,301	272,545
<b>Total Expenses</b>	<b>4,348,589</b>	<b>540,200</b>	<b>1,442,285</b>	<b>6,331,074</b>	<b>5,064,555</b>
Percentages	<u>69%</u>	<u>8%</u>	<u>23%</u>	<u>100%</u>	
Percentages without contributed nonfinancial assets	<u>68%</u>	<u>8%</u>	<u>24%</u>	<u>100%</u>	

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

**Roundup River Ranch**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Cash Flows**  
**For the Year Ended October 31, 2022**  
**(With Comparative Totals for 2021)**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Cash received from:		
Contributions	7,960,345	4,929,616
Special events	193,600	136,349
Interest	(67,646)	129,139
Miscellaneous	16,174	3,724
Cash paid for goods and services	(1,773,472)	(1,294,831)
Cash paid for personnel, taxes, and benefits	(3,405,532)	(2,803,967)
<b>Net Cash Provided by Operating Activities</b>	<b>2,923,469</b>	<b>1,100,030</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	(938,135)	(211,927)
Purchase of investments	(4,502,489)	(2,601,279)
Proceeds from sale of investments	3,036,625	55,170
Gain (loss) on disposal of investments	29,728	(115,770)
<b>Net Cash Provided by Investing Activities</b>	<b>(2,374,271)</b>	<b>(2,873,806)</b>
<b>Cash Flows from Financing Activities:</b>		
Principal repayments	(557,142)	(189,487)
Contributions restricted for long-term investment	2,000,000	1,500,000
Contributions restricted for capital assets	-	900,000
<b>Net Cash Provided by Financing Activities</b>	<b>1,442,858</b>	<b>2,210,513</b>
<b>Net Change in Cash</b>	<b>1,992,056</b>	<b>436,737</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>4,984,338</b>	<b>4,547,601</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>6,976,394</b>	<b>4,984,338</b>
<b>Reconciliation to Total Cash and Cash Equivalents</b>		
Cash and cash equivalents	6,900,894	4,908,838
Restricted cash and cash equivalents	75,500	75,500
<b>Cash and Cash Equivalents - End of Year</b>	<b>6,976,394</b>	<b>4,984,338</b>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
<b>Change in Net Assets</b>	<b>(200,976)</b>	<b>2,943,053</b>
<b>Adjustments to increase (decrease) in net assets:</b>		
Depreciation	696,419	703,265
Net (gain) loss on investments	1,086,504	(619,854)
PPP loan forgiveness	-	(458,562)
(Increase) decrease in contributions receivable, net	1,241,008	(1,454,731)
(Increase) decrease in accrued interest	(22,835)	(3,086)
(Increase) decrease in prepaid expenses	-	805
Increase (decrease) in accounts payable and accrued liabilities	24,463	5,718
Increase (decrease) in accrued payroll and payroll taxes	98,886	(16,578)
<b>Total Adjustments</b>	<b>3,124,445</b>	<b>(1,843,023)</b>
<b>Net Cash Provided by Operating Activities</b>	<b>2,923,469</b>	<b>1,100,030</b>
<b>Schedule of Non-Cash Financing Activities</b>		
PPP loan forgiveness	-	458,562
	-	458,562

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



**Roundup River Ranch**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**October 31, 2022**

**1. Organization**

Roundup River Ranch (the "Ranch") was incorporated in the State of Colorado in 2006 and designated as a 501(c)(3) non-profit corporation. Roundup River Ranch enriches the lives of children with serious illnesses and their families by offering free, medically-supported camp programs that provide unforgettable opportunities to discover joy, friendships, and confidence.

**2. Summary of Significant Accounting Principles**

**A. Financial Statement Presentation**

The Ranch reports its financial statements in accordance with FASB Accounting Standards Codification Topic 958, *Not-for-Profit Organizations* ("ASC Topic 958"), formerly Statement of Financial Accounting Standards No. 117. Under ASC Topic 958, the Ranch is required to report information regarding its financial position and activities according to two classifications, without donor restriction and with donor restriction.

**B. Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

**C. Support and Revenue Recognition**

Contributions of cash and other assets are reported as with donor restriction if they are received with donor stipulations that limit or specify the use of the donated assets, whether by time, period, or purpose. When a donor or grantor restriction expires – that is, when a stipulated time restriction ends or the stated purpose restriction is accomplished – donor / grantor restricted net assets are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Unconditional promises to give expected to be collected within one year are reflected as current contributions and are recorded at their net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Non-monetary contributions of goods and services are recorded at their fair values in the period received. Donated services are recorded at their fair values in the period received, provided that such services either create or enhance non-financial assets or the services are considered "professional" services which the Ranch would otherwise be required to purchase. Donated fixed assets are recorded at fair value when received and reflected in these financial statements as contribution revenue and an addition to fixed assets. Nonmonetary donations are recognized as revenue and offsetting expense or asset, depending on the nature of such support received.

The Ranch also derives revenues from retail camp store sales. Income is recognized at a point in time when goods are transferred to the customer.

**Roundup River Ranch**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**October 31, 2022**  
**(Continued)**

**2. Summary of Significant Accounting Principles (continued)**

**D. Cash and Cash Equivalents**

The Ranch considers all checking, savings, and money market accounts, as well as all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents for purposes of the Statement of Cash Flows.

**E. Allowance for Doubtful Accounts**

The Ranch uses the allowance method for recognition of uncollectible receivables, whereby an allowance for possible uncollectibility is established when collection becomes doubtful. An allowance in the amount of \$87,500 was recorded at October 31, 2022.

**F. Fixed Assets and Depreciation**

Assets with original cost in excess of \$5,000 and a useful life generally in excess of two years are recorded as fixed assets. These assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

	<b>Estimated Useful Lives</b>
Computers & Software	3 years
Furniture & Fixtures	8 years
Motor Vehicles	3 years
Land Improvements & Infrastructure	20 years
Buildings	10 - 45 years
Machinery & Equipment	5 years

**G. Income Tax**

The Ranch is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, pursuant to an Internal Revenue Service determination letter dated June 21, 2006, and is thus exempt from Federal and State income taxes on income which is directly related to its organizational purpose.

Unrelated business income is income derived from a trade or business by the exempt organization that is not substantially related to the performance of the organization's exempt purpose or function. For the year ended October 31, 2022, the Ranch had no unrelated business income.

The Federal information returns of the Ranch are subject to examination by the Internal Revenue Service. The Ranch is no longer subject to examination for tax years prior to October 31, 2018.

**H. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Roundup River Ranch**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**October 31, 2022**  
**(Continued)**

**2. Summary of Significant Accounting Principles (continued)**

**I. Method used for Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Ranch. These expenses include depreciation, certain personnel salaries and benefits, information technology, and utilities. Depreciation is allocated based on use of assets and location of assets. Salaries and benefits are allocated based on position or time spent on each function. Information technology is allocated based on time spent and specific technology utilized. Utilities are allocated based on location.

**J. Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**K. Subsequent Events**

Management has evaluated subsequent events through January 26, 2023, the date these financial statements were available to be issued. No material events were noted.

**3. Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Ranch that is, in substance, unconditional. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at their present value. Pledges are discounted at a rate equal to the two-year Treasury bill issued by the United States of America, currently 4.51%. Unconditional promises to give at October 31, 2022 were:

Receivable in less than one year	\$ 1,491,098
Receivable in one to five years	1,481,580
Total unconditional promises to give	2,972,678
Less allowance for doubtful accounts	(87,500)
Net unconditional promises to give at October 31, 2022	\$ 2,885,178

**4. Conditional Promises to Give**

The Ranch has received notification of the intention of two separate donors to bequeath \$1,158,619 in total, to the Ranch. The amount of each bequest will be recognized in revenue when the probate court declares the will valid.

**Roundup River Ranch**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**October 31, 2022**  
**(Continued)**

**5. Fixed Assets**

Fixed asset balances at October 31, 2022 were as follows:

	<b>Oct. 31/22</b>
Land	\$ 2,957,254
Construction in progress	965,602
Land improvements	4,710,409
Buildings	12,782,226
Furniture and equipment	1,417,145
Total cost	22,832,636
Less: Accumulated depreciation	(7,718,730)
Fixed assets, net	\$ 15,113,906

Depreciation for the year ended October 31, 2022 was \$696,419.

**6. Endowment**

In accordance with the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”), the Ranch classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures.

Additionally, in accordance with UPMIFA, the Ranch considers the following factors when investing and managing donor-restricted endowment funds:

- General economic conditions
- Possible effects of inflation or deflation
- The purposes of the Ranch and donor-restricted endowment fund
- The duration and preservation of the fund
- Expected total return from income and the appreciation of investments
- Other resources of the Ranch
- The investment policies of the Ranch

The Ranch’s endowment consists of two funds in the amounts of \$75,500 and \$5,000,000 which are restricted to investment in perpetuity. The income from the \$75,500 fund is expendable for general operations and the income from the \$5,000,000 fund is expendable for providing funds for the President and/or CEO of the Ranch in advancing the mission of the Ranch. As required by accounting principles generally accepted in the U.S. (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

As of October 31, 2022, the following long-term endowments were held:

Cash and cash equivalents	\$ 296,471
Domestic equities	3,097,150
Fixed income	1,268,343
Total	\$ 4,661,963

**Roundup River Ranch**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**October 31, 2022**  
**(Continued)**

**6. Endowment (continued)**

The goal of the Ranch's investment policy is to invest its funds that are considered long-term in nature in a well-diversified yet conservative manner so that exposure to any specific class of debt or equity investment is reasonably limited. The principal investment philosophy for long-term funds is the maximization of total return consistent with preservation of capital and prudent risk taking. The overall goal for principal growth is to meet or preferably exceed the rate of inflation as measured by the Consumer Price Index. Long-term funds are considered appropriate for investment in debt and equity instruments, are intended to be diversified in nature, and are expected to benefit significantly from professional management by an Investment Advisor.

The Ranch's spending policy allows a draw of funds from the endowment of no more than 6% of the average market value of the endowment for the prior 12 quarter ends. Annually the Finance Committee will make a recommendation to the board for approval of the annual spending rate. These funds are then spent for their restricted purpose if applicable.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required by UPMIFA as a fund of perpetual duration. These deficiencies result from unfavorable market conditions that occurred shortly after the receipt of the gift. The Ranch has underwater endowments of \$419,153 as of October 31, 2022.

At October 31, 2022, endowment net asset composition by type of fund was composed of the following:

Assets with donor restriction:

Restricted in perpetuity	\$ 5,075,500
Underwater endowments	(419,153)

**7. Liquidity and Availability of Resources**

The Ranch's net assets consist of donor-restricted amounts and amounts without donor restrictions. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures. The Ranch's investment policy and liquidity management is structured around short-term investments, to ensure financial assets are available as general expenditures and other obligations become due. The financial assets available within one year from October 31, 2022 for general expenditures are as follows:

Cash and cash equivalents	\$ 6,900,894
Pledges and interest receivable	1,403,598
Short-term investments	866,769
	<u>\$ 9,171,261</u>

**8. Fair Value Measurements and Disclosures**

The Ranch reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable.

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**8. Fair Value Measurements and Disclosures (continued)**

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the Ranch's investment assets are classified within Level 1 because they comprise fixed income funds and domestic equities with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value at October 31, 2022:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 6,976,394	\$ 6,976,394	\$ -	\$ -
Investments:				
Domestic equities	4,091,645	4,091,645	-	-
Fixed income	1,775,124	1,775,124	-	-
	<u>5,866,769</u>	<u>5,866,769</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,843,163</u>	<u>\$ 12,843,163</u>	<u>\$ -</u>	<u>\$ -</u>

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**9. Classification of Net Assets and Net Assets Released from Restriction**

During the year ended October 31, 2022, the following assets were released from restriction:

Purpose restrictions accomplished:	
Facilities improvements	\$ 567,974
Innovation programs	26,666
Farm improvements	3,025
Comprehensive campaign	1,383,461
Other programs	3,125
Time restrictions expired:	
Passage of specified time	152,117
Total restrictions released	<u><u>\$ 2,136,368</u></u>

At October 31, 2022, the Ranch had the following net assets both without donor restrictions and with donor restrictions:

Without donor restriction	
Undesignated	\$ 3,785,452
Invested in property and equipment, net of debt	<u>15,113,906</u>
	<u>18,899,358</u>
With donor restriction	
Perpetual in nature	
Ranch programs and operations	75,500
Executive leadership	5,000,000
Purpose restrictions	
Farm improvements	6,590
Facilities improvements - solar farm	172,883
Comprehensive campaign	6,597,512
Other	15,490
Time-restricted for future periods	
General future pledges	116,973
Underwater endowments	<u>(419,153)</u>
	<u>11,565,795</u>
Total net assets	<u>30,465,153</u>
Total liabilities and net assets	<u><u>\$ 30,843,747</u></u>

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**10. Lease Agreement**

On December 21, 2009, the Ranch entered into a lease agreement with Alpine Bank for office space. The lease for the office space was amended during September 2016 to extend the lease term through December 31, 2017 with a base rent of \$14,000. The lease was amended again a number of times to extend the lease term through October 31, 2022 with a base rent of \$1,167 per month. The estimated annual value of the lease is \$52,425, and \$38,421 is reflected as a contributed nonfinancial asset to the Ranch from Alpine Bank for fiscal year 2022.

**11. Contributed Nonfinancial Assets**

For the fiscal year ending October 31, 2022, nonfinancial contributions of goods and services aggregating to \$332,301 were recognized as revenue by the Ranch. These contributions, and the offsetting expense or asset, are recorded in the Ranch's financial statements at fair market value at the date of donation. Such "contributed nonfinancial assets" include the following:

<u>Nonfinancial Asset</u>	<u>Revenue Recognized</u>	<u>How Utilized</u>	<u>Donor Restrictions</u>	<u>Valuation Technique</u>
Rent	\$ 38,421	Office and storage space	None	Market rate
Auction items	22,589	Fundraising at special events	None	Market rate
Facilities services and camp supplies	271,291	Medical supplies for campers along with facilities services and administrative donations	None	Market rate

**12. Restrictions on Land**

On November 2, 2009, the Ranch closed on the purchase of an 85-acre site along the banks of the Colorado River in western Eagle County. The land was purchased from Shipley Craghead, LLC (the "Seller") with a purchase price of \$2,151,731. In connection with the purchase, the Ranch entered into a Covenant and Option to Repurchase agreement with the Seller whereby the following conditions must be met or the Seller will have the right to exercise its Option to Repurchase the property:

- For twenty (20) years after November 5, 2009, the property shall be used solely as a camp for children with serious or life-threatening illnesses and their families, with medical, recreational and other facilities as well as other activities reasonably related to this purpose. Deviation from this purpose can only be made with the prior written consent of the Seller. The Seller has the sole and absolute discretion to grant or withhold its consent.
- Construction of Phase I of the Camp (defined as construction of facilities necessary to support at least 60 campers) must be substantially complete and the Camp must be open for operations on or before June 30, 2012. Phase I was completed during fiscal 2011.

In the event that the seller exercises its option to repurchase the property, the repurchase price will be at the purchase price that was paid by the Ranch at closing (\$2,151,731). This agreement is subordinated to the bank providing the construction financing.



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**13. Revenue from Contracts with Customers**

For the year ended October 31, 2022, revenue recognized for goods transferred or performance obligations met at a point in time were \$8,727. There were no revenues recognized for goods transferred or performance obligations met over time during 2022. Revenues may be affected by general economic conditions and inflationary pressures. Revenues from contracts with customers are primarily collected from donors.

**14. Promissory Note**

On March 31, 2017, the Ranch executed a promissory note ("the Note") in the amount of \$1,300,000 with the principal and interest due on December 31, 2024. Unpaid principal accrues interest at 1.45% per annum. Payments under this note are \$200,000 annually, beginning on December 31, 2019 and ending on December 31, 2024 with a payment for all remaining unpaid principal and interest.

The principal and interest balance of the note was forgiven during fiscal year 2022. At October 31, 2022, the balance outstanding under this Note is \$0.

**15. Comparative Information**

The financial statements include certain prior year comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Ranch's financial statements for the year ended October 31, 2021, from which comparative totals were derived.