

ST. JUDE'S RANCH FOR CHILDREN, INC.
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021



ST. JUDE’S RANCH FOR CHILDREN, INC.

JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
St. Jude's Ranch for Children, Inc. and Subsidiaries
Boulder City, Nevada

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of St. Jude's Ranch for Children, Inc. and Subsidiaries (all nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of St. Jude's Ranch for Children, Inc. and Subsidiaries as of June 30, 2021, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2021, on our consideration of St. Jude's Ranch for Children, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Jude's Ranch for Children, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
October 7, 2021

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 1,376,720
Cash and equivalents, with donor restrictions	145,537
Investments	18,388
Accounts receivable	182,288
Grants receivable	409,122
Unconditional promises to give	50,000
Inventories	5,952
Prepaid expenses	46,524
	2,234,531

OTHER ASSETS

Cash and equivalents, noncurrent	322,576
Cash and equivalents, with donor restrictions, noncurrent	2,286,989
Investments, noncurrent	1,113,493
Investments, with donor restriction, noncurrent	787,772
Investments, with donor restrictions, perpetual	2,635,046
Deposits	5,955
Property and equipment, net	5,663,584
	\$ 15,049,946

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 113,914
Accrued expenses	163,736
Deferred compensation, current portion	82,000
Paycheck Protection Program Loan	410,871
	770,521

OTHER LIABILITIES

Deferred compensation, net of current portion and discount	664,022
	1,434,543

NET ASSETS

Without donor restrictions	6,599,369
With donor restrictions	7,016,034
	13,615,403
	\$ 15,049,946

See notes to consolidated financial statements

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 1,691,024	\$ 2,333,074	\$ 4,024,098
Grants	1,902,096	-	1,902,096
Special event revenue	\$ 313,025		
Less: costs of direct benefits to donor	<u>(203,002)</u>		
Net revenues from special events	110,023	-	110,023
In-kind donations	696,384	-	696,384
Program service fees	1,772,429	-	1,772,429
Sale of merchandise	260,856	-	260,856
Investment return, net	260,428	431,453	691,881
Rental income	8,890	-	8,890
	<u>6,702,130</u>	<u>2,764,527</u>	<u>9,466,657</u>
Net assets released from restriction	<u>224,984</u>	<u>(224,984)</u>	<u>-</u>
Total revenues and support	6,927,114	2,539,543	9,466,657
Expenses and losses:			
Program services	4,547,698	-	4,547,698
Supporting services:			
General and administrative	970,999	-	970,999
Fundraising	284,393	-	284,393
	<u>5,923,605</u>	<u>-</u>	<u>5,923,605</u>
Loss on impairment of inventory	112,665	-	112,665
Loss on disposal of property and equipment	7,850	-	7,850
	<u>5,923,605</u>	<u>-</u>	<u>5,923,605</u>
Total expenses and losses	5,923,605	-	5,923,605
CHANGE IN NET ASSETS	1,003,509	2,539,543	3,543,052
NET ASSETS, BEGINNING OF YEAR	<u>5,595,860</u>	<u>4,476,491</u>	<u>10,072,351</u>
NET ASSETS, END OF YEAR	<u>\$ 6,599,369</u>	<u>\$ 7,016,034</u>	<u>\$ 13,615,403</u>

See notes to consolidated financial statements

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services	Supporting Services		Totals
		General and Administrative	Fundraising	
Salaries and wages	\$ 1,744,087	\$ 393,532	\$ 103,446	\$ 2,241,065
Employee benefits	178,152	31,856	10,992	221,000
Payroll taxes	138,849	42,277	7,989	189,115
Advertising	1,487	30,000	8,573	40,060
Audit and accounting fees	-	45,150	-	45,150
Automobile	43,749	49	-	43,798
Client support services	730,330	142	-	730,472
Client food	91,824	-	-	91,824
Client housing	458,607	-	-	458,607
Conferences and conventions	392	4,714	-	5,106
Entertainment and food	690	810	45,085	46,585
Depreciation	316,017	107,683	47,859	471,559
Dues and subscriptions	1,834	14,989	4,947	21,770
Employee costs	1,157	2,992	233	4,382
Honoraria	-	-	2,500	2,500
Insurance	90,265	57,607	10,894	158,766
Interest	-	8,923	-	8,923
Postage and shipping	1,533	4,005	3,603	9,141
Printing	9,291	6,118	5,733	21,142
Professional fees	41,806	85,920	23,366	151,092
Recognition and appreciation	3,248	7,759	2,082	13,089
Rent	79,705	-	-	79,705
Retirement	-	50,539	-	50,539
Small equipment and furniture	286,163	-	-	286,163
Software costs	77,158	4,159	12,665	93,982
Supplies	35,424	4,311	103,344	143,079
Taxes, licenses and fees	2,068	3,424	21,984	27,476
Thrift store	-	-	18,322	18,322
Travel	12,092	1,782	566	14,440
Utilities	201,770	62,258	10,922	274,950
Venue	-	-	42,290	42,290
	<u>4,547,698</u>	<u>970,999</u>	<u>487,395</u>	<u>6,006,092</u>
Costs of direct benefits to donors	-	-	(203,002)	(203,002)
	<u>\$ 4,547,698</u>	<u>\$ 970,999</u>	<u>\$ 284,393</u>	<u>\$ 5,803,090</u>

See notes to consolidated financial statements

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 3,543,052
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	471,559
Donated property and equipment	(30,700)
Donated inventory	226,360
Loss on impairment of inventory	112,665
Loss on disposal of property and equipment	7,850
Changes in deferred compensation	50,539
Forgiveness of Paycheck Protection Loan	(410,871)
Realized and unrealized gain on investments	(830,245)
(Increase) decrease in operating assets:	
Accounts receivable	(47,759)
Grants receivable	(274,363)
Unconditional promises to give	50,000
Inventories	(225,818)
Prepaid expenses	(14,513)
Deposits	(2,087)
Increase (decrease) in operating liabilities:	
Accounts payable	81,430
Accrued expenses	(8,696)
	<hr/>
Net cash provided by operating activities	2,698,403
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(507,901)
Proceeds from sale of investments	711,714
Purchases of property and equipment	(249,621)
Proceeds from sale of property and equipment	9,500
	<hr/>
Net cash used in investing activities	(36,308)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Paycheck Protection Program Loan	410,871
Payments on line of credit	(575,000)
Payments of accrued deferred compensation	(82,000)
	<hr/>
Net cash used in financing activities	(246,129)

See notes to consolidated financial statements

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

NET CHANGE IN CASH	2,415,966
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>1,715,856</u>
CASH AND EQUIVALENTS, END OF YEAR	<u><u>\$ 4,131,822</u></u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for interest	<u>\$ 8,923</u>
Cash and equivalents	\$ 1,376,720
Cash and equivalents, with donor restrictions	145,537
Cash and equivalents, noncurrent	322,576
Cash and equivalents, with donor restrictions, noncurrent	<u>2,286,989</u>
	<u><u>\$ 4,131,822</u></u>

See notes to consolidated financial statements

**ST. JUDE’S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

St. Jude’s Ranch for Children, Inc. and Subsidiaries (the Organization) is a nonprofit organization, including St. Jude’s Ranch for Children – National (National), St. Jude’s Ranch for Children – Nevada Region (Nevada Region), St. Jude’s Ranch for Children – Charitable Foundation (Foundation), Hope Shines Bright Receiving Company (Receiving Company) and Hope Shines Bright Holding Company (Holding Company).

The Organization’s primary charitable purpose is to transform the lives of abused and at-risk children, young adults and families through residential and community-based foster care, counseling of pregnant and parenting teens, providing transitional and supportive housing environments, emergency placement of children in crisis, and related programs.

National

National, which is incorporated under the laws of the State of Nevada, as the sole member, controls the Nevada Region, a 501(c)(3) not-for-profit organization, referred to as a subsidiary. These entities are required under generally accepted accounting principles to be consolidated as they are financially interrelated. The function of National is to oversee the affiliate and provide financial and operational assistance to the affiliate. As of July 1, 2008, the Foundation was created to support the Organization and the subsidiary. The Foundation is a wholly separate Nevada nonprofit corporation and its assets and liabilities are separate and segregated from the Organization’s assets and liabilities. In 2011, the Holding Company and the Receiving Company were created to support the Organization’s donation activity. The Foundation, Holding Company and Receiving Company operate out of Boulder City, Nevada, and hold separate Internal Revenue Service exempt determination letters and are required to be reported separately for federal compliance purposes. National is the specified beneficiary of the Foundation, the Holding Company and the Receiving Company.

Nevada Region

Nevada Region, which is supported by National, is a nonprofit organization incorporated under the laws of the State of Nevada. The Organization includes three nonsectarian facilities, one located in Boulder City, Nevada, and two located in Las Vegas, Nevada. The facility located in Boulder City, Nevada is licensed by the Clark County Department of Child and Family Services of the State of Nevada to care for a maximum of 66 children, from infant to 21 years of age. The facility has ten homes which are not mixed by gender, but are mixed by age and ethnic background, where these children live and receive residential therapeutic foster care services. These services include basic, moderate, and specialized residential foster care, transitional living care, or pregnant and parenting teen care, in a home-like environment. The Crossings program, located in Las Vegas, Nevada, serves as a 15-unit apartment style building owned by the Organization, which provides supportive housing and services for homeless youth ages 18 to 25. The third facility, also located in Las Vegas, Nevada, serves as the office for the Sibling Preservation Program, which is devoted to the mission of preserving sibling bonds while children are in foster care as well as for other agency programs such as family support and a rapid re-housing program.

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foundation

The Foundation is a nonprofit organization and was incorporated under the laws of the State of Nevada on July 1, 2008. The Foundation is located in Boulder City, Nevada and was organized to support the Organization and its affiliates. The Foundation is supported primarily through state and local government contracts, as well as donations from individuals, corporations, and foundations throughout the United States.

Holding and Receiving Companies

The Holding and Receiving Companies are nonprofit organizations and were incorporated under the laws of the State of Nevada on May 31, 2011. The Holding Company was organized for the purpose of acquiring, holding title to, collecting income from, and managing real property. The Receiving Company was organized to serve as a supporting organization to National. There has been no activity in the Receiving Company since it was created. The Holding Company maintains the land for the Boulder City campus.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of National, Nevada Region, Foundation, Holding Company, and Receiving Company. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC). Under FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions as follows.

Income Tax Status

Nevada Region and National are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. Foundation and Receiving Company are organized as supporting organizations as described in Section 509(a)(3) of the Internal Revenue Code. Holding Company is organized as a real property title-holding corporation under Section 501(c)(25) of the Internal Revenue Code. All are generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

**ST. JUDE’S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values are reported in the consolidated statement of financial position at fair value. Investment return, net, restricted by a donor is reported as an increase in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the investment return, net, is recognized.

Accounts Receivable and Grants Receivable

Accounts and grants receivable consist of amounts due from state and county agencies for services provided in the care for children. Receivables are stated at the amount management expects to collect from outstanding balances. It is the Organization’s policy to charge off uncollectible accounts receivable for program fees when management determines the receivable will not be collected. The program fees are delinquent when not received within the contractual terms. The Organization estimates an allowance for doubtful accounts based on periodic assessment. If receivables become uncollectible, the balance will be changed to expense when the determination is made. All amounts recorded are expected to be received within one year and no allowance is recognized.

Promises to Give

Promises to give are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional pledge receivables are recognized when the conditions on which they depend are substantially met. No allowance has been recorded as all amounts are considered to be fully collectible.

Inventories

Inventories, consisting of purchased goods, are recorded at net realizable value. Donated inventories are valued at fair market value on the date of donation.

Property and Equipment

Purchased assets are recorded at cost and donated assets are recorded at their fair market value at the date of the donation. The Organization capitalizes all fixed assets in excess of \$1,000 and with a useful life of greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures, vehicles, software and equipment	3 to 10 years
Land improvements	3 to 25 years
Buildings	25 to 39 years

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue With and Without Restrictions

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following expense was allocated on a square footage basis: depreciation.

The following expenses were directly allocated by function based on the nature of the expense: advertising, audit and accounting fees, automobile, client support services, client food, client housing, conferences and conventions, entertainment and food, dues and subscriptions, employee costs, honoraria, insurance, interest, postage and shipping, payroll taxes, printing, professional fees, recognition and appreciation, rent, retirement, small equipment and furniture, software costs, supplies, taxes, licenses and fees, thrift store, travel and venue.

The following expenses were allocated on the basis of a combination of employee time and effort and directly by function based on the nature of the expense: salaries and wages and employee benefits.

The following expense was allocated on the basis of a combination of square footage and directly by function based on the nature of the expense: utilities.

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.

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measure by the amount which the carrying amount of the assets exceeds the fair value of the assets.

Cash and Equivalents

Cash and equivalents consist of cash-on-hand and highly liquid investments with maturities of three months or less at the date of purchase and gift cards.

Consolidated Statements

The consolidated financial statements include the financial information of the St. Jude's Ranch for Children, Inc. and its interrelated entities, which include National, Nevada Region, Foundation, Holding Company and Receiving Company. St. Jude's Ranch for Children, Inc. and its interrelated entities are consolidated because the Organization holds common control of the campuses through a majority voting interest in its governing board. All material inter-organizational transactions have been eliminated.

Advertising

Advertising costs are expensed as incurred.

Subsequent Events

Subsequent events have been evaluated through October 7, 2021, which is the date the consolidated financial statements were available to be issued.

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by contribution, grant, and program revenues and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. Assets held in the endowment fund that may be appropriated for use within twelve months of fiscal year end are considered available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table reflects the financial assets as of June 30, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Cash and equivalents	\$ 4,131,822
Investments	4,554,699
Accounts receivable	182,288
Grants receivable	409,122
Unconditional promises to give, current	<u>50,000</u>
 Total financial assets	 9,327,931
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Cash and equivalents, with donor restrictions, noncurrent	(2,286,989)
Restricted by donors in perpetuity	<u>(2,635,046)</u>
 Total financial assets available to management for general expenditure within one year	 <u>\$ 4,405,896</u>

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021:

Buildings	\$ 11,154,197
Land improvements	929,447
Computer equipment	218,978
Furniture and fixtures	396,859
Equipment	591,499
Vehicles	237,670
Land	104,180
Construction in progress	<u>157,438</u>
 Total property and equipment	 13,790,268
Less: accumulated depreciation	<u>(8,126,684)</u>
	<u>\$ 5,663,584</u>

NOTE 4. UNCONDITIONAL PROMISES TO GIVE

The unconditional promises to give (pledge) balance consists of a pledge to be received in \$50,000 installments with a remaining balance of the same. There is no set payment schedule for the pledge, however, the Organization expects to collect the pledge within the next year. As the pledge is considered a current asset its value has not been discounted.

**ST. JUDE’S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 5. INVESTMENTS AND FAIR VALUE

In accordance with the FASB ASC 820-10, the following are quantitative disclosures about the fair value measurements of assets. Fair value measurements are categorized on three levels:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities, which are traded by dealers and brokers in active markets. Valuations are obtained from readily available pricing.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Valuations incorporate certain unobservable assumptions and projections in determining the fair value assigned to such assets and liabilities.

Investments measured at fair value on a recurring basis at June 30, 2021, are summarized as follows:

	<u>Level 1</u>	<u>Total</u>
Equities:		
Common stock	\$ 3,817,007	\$ 3,817,007
Mutual funds	122,684	122,684
Fixed income:		
U.S. government securities	<u>615,008</u>	<u>615,008</u>
	<u>\$ 4,554,699</u>	<u>\$ 4,554,699</u>

NOTE 6. PAYCHECK PROTECTION PROGRAM LOAN

On May 1, 2020, St. Jude’s Ranch for Children, Nevada Region, Inc. (Borrower) qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (PPP Lender), for an aggregate principal amount of \$410,871 (PPP Loan). During the year ended June 30, 2021, the PPP loan and all accrued interest was forgiven. As a result, the Organization recognized contribution income totaling \$410,871.

On March 19, 2021, St. Jude’s Ranch for Children, Nevada Region, Inc. (Borrower) qualified for and received a second loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (PPP Lender), for an aggregate principal amount of \$410,871 (PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business

ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 6. PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

Administration. The principal and accrued interest of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing the earlier of (1) the date that SBA remits the Borrower's loan forgiveness amount to the Lender or (2) 10 months after the end of the Borrower's loan forgiveness covered period of 24 weeks, principal and interest payments will be required through the maturity date in May 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

The Company has accounted for the second PPP loan as a financial liability in accordance with FASB ASC 470 and accrued interest in accordance with the interest method under FASB ASC 835-30. The loan will be recognized as revenue when loan forgiveness is provided by the SBA.

NOTE 7. LINE OF CREDIT

The Organization has a line of credit under which the Organization may borrow on a secured basis at the Prime Rate with credit totaling \$1,500,000. The line of credit contains a provision for an interest rate floor of 4.0%. As the Prime Rate at June 30, 2021 was 3.25%, the interest rate on the loan was 4.0%. Borrowings under the agreement are collateralized by the property in Boulder City, Nevada. The Organization has an outstanding balance of \$0 as of June 30, 2021. The credit agreement is scheduled to mature on November 30, 2024.

NOTE 8. DEFERRED COMPENSATION ARRANGEMENT

In April 2001, a separation agreement was entered into between the Organization and a former officer. The present value of the benefits expected to be paid to the former officer (or beneficiaries) was recognized as expense in the period at the time the Board of Directors approved the plan of separation, which was June 30, 2001.

The present value of the benefits recognized as of June 30, 2021, amounted to \$746,022. The Organization's current obligation is payable in monthly installments of approximately \$6,833. The discount rate used to compute the estimated present value was 4% during the year ended June 30, 2021. The Organization also recorded amortization of the discount on the estimated present value of the future payments of \$50,539 during the year ended June 30, 2021. These amounts are included in the consolidated statement of functional expenses as retirement expense.

**ST. JUDE’S RANCH FOR CHILDREN, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 9. OPERATING LEASES

The Organization leases office space for its Child Focus program which expires in July 2022. The Organization also leases office equipment under operating leases expiring through March 2025. The future minimum payments under these operating leases at June 30, 2021 are as follows:

2022	\$ 95,426
2023	17,665
2024	8,684
2025	<u>6,513</u>
	<u>\$ 128,288</u>

Total rent expense is \$102,595 for the year ended June 30, 2021.

NOTE 10. CONCENTRATIONS

In the ordinary course of business, the Organization normally maintains cash balances at financial institutions in excess of federally insured limits. The cash held by the banking institutions is insured up to the Federal Deposit Insurance Corporation (“FDIC”) limit of \$250,000. The Organization has not experienced any losses on its accounts and does not believe it is exposed to any significant credit risk.

For the year ended June 30, 2021, approximately 50% of contribution revenues were received from two donors. The entire balance of the unconditional promises to give at June 30, 2021 was due from one donor. Approximately 54% of grant revenue came from the U.S. Department of Housing and Urban Development for the year ended June 30, 2021. The Organization receives all program service fees from the State of Nevada.

NOTE 11. DONATED SERVICES

Donated services are recognized as contributions in accordance with FASB Codification, if the services (a) create or enhance nonfinancial assets or (b) requires specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no donated services recognized during the year ended June 30, 2021.

**ST. JUDE'S RANCH FOR CHILDREN, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30, 2021:

Subject to expenditure for a specified purpose:	
Healing Center	\$ 2,286,989
Youth care operations	142,539
Education skills training	<u>2,998</u>
Total subject to expenditure for specified purposes	2,432,526
Subject to passage of time:	
Unconditional promises to give	50,000
The Crossings property	<u>1,110,690</u>
Total subject to passage of time	1,160,690
Endowments:	
Subject to endowment spending policy and appropriations:	
Education skills training	787,772
Endowments:	
Investments in perpetuity	<u>2,635,046</u>
Total net assets with donor restrictions	<u>\$ 7,016,034</u>

Net assets with donor restrictions consist of the following at June 30, 2021:

Cash and equivalents	\$ 145,537
Cash and equivalents, noncurrent	2,286,989
Investments	787,772
Investments, noncurrent	2,635,046
Unconditional promises to give	50,000
Land and building	<u>1,110,690</u>
	<u>\$ 7,016,034</u>

The restricted land and building is property that was purchased by the Organization on August 17, 2011, on which housing was built for the St. Jude's Ranch Crossings, a supportive housing program. The parcel of land, which was valued at \$65,000 has an attached deed restriction of 20 years to be used for the Organization's program. If the Organization loses possession of the land or enters into a sublease without prior approval, the Organization must pay Clark County \$1,954,439. The restrictions to the land attach to the property and any successor owners. The restricted grant amount of \$1,954,439 and land value of \$65,000 for a total of \$2,019,439 is amortized over 20 years beginning in June 2012.

Net assets in perpetuity consist of endowment fund investments to be held indefinitely.

**ST. JUDE'S RANCH FOR CHILDREN, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions during the year by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2021:

Satisfaction of purpose restrictions:	
Youth care operations	\$ 49,606
Expiration of time restrictions:	
Unconditional promises to give	50,000
Land and building	<u>100,972</u>
	265,913
Endowments:	
Subject to endowment spending policy and appropriations:	
Education skills training	<u>24,406</u>
	<u>\$ 224,984</u>

NOTE 13. ENDOWMENTS

Endowment funds include amounts to be used for education and skills training and a balance that will remain in perpetuity. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowment funds consist of the following assets as of June 30, 2021:

Cash and equivalents	\$ 322,576
Investments	<u>4,536,311</u>
	<u>\$ 4,858,887</u>

Interpretation of Relevant Law

The Board of Trustees of the Organization has interpreted Nevada state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in accordance with the donor's wishes.

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 13. ENDOWMENTS (CONTINUED)

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a current policy of retaining the earnings within the endowment fund until such time that the Board has determined specific expenditures in which to use the earnings not restricted by the donor. This policy is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature would be included in net assets without donor restrictions. There were no deficiencies at June 30, 2021.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets, the primary emphasis of which is on capital growth. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results attainable over a more than ten-year time frame. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately equal to that of the overall market for similar investment types. Actual returns in any given year may vary from this rate of return.

**ST. JUDE'S RANCH FOR CHILDREN, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

NOTE 13. ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds: Perpetual in duration - original gift amount	\$ -	\$ 2,635,046	\$ 2,635,046
Donor restricted endowment funds: Education and skills training	<u>1,436,069</u>	<u>787,772</u>	<u>2,223,841</u>
	<u>\$ 1,436,069</u>	<u>\$ 3,422,818</u>	<u>\$ 4,858,887</u>

Changes in endowment net assets for the year ended June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,152,476	\$ 3,015,771	\$ 4,168,247
Investment return, net	259,187	431,453	690,640
Appropriation of endowment assets for expenditure	<u>24,406</u>	<u>(24,406)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 1,436,069</u>	<u>\$ 3,422,818</u>	<u>\$ 4,858,887</u>

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 14. RISKS AND UNCERTAINTIES

In March of 2020, the World Health Organization declared the spread of Coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its future operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing. These events preceded numerous fluctuations and volatility in the stock markets both in the United States and worldwide. The final effects on the investment values of the Organization is undeterminable at this time.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
St. Jude’s Ranch for Children, Inc. and Subsidiaries
Boulder City, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of St. Jude’s Ranch for Children, Inc. and Subsidiaries (collectively, the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada

October 7, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

Board of Trustees
St. Jude's Ranch for Children, Inc. and Subsidiaries
Boulder City, Nevada

Report on Compliance for Each Major Federal Program

We have audited St. Jude's Ranch for Children, Inc. and Subsidiaries' (collectively, the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
October 7, 2021

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Grantor Agency	Program Title	Federal AL Number	Pass-Through Grantor Number	Expenditures
U.S. Department of Housing and Urban Development	Continuum of Care Program	14.267	NV0036L9001705 NV0119L9T001700 NV0082L9T001704 NV0034L9T001706	\$ 471,879 216,900 120,173 171,939 <u>980,891</u>
Passed through Clark County, Nevada:	Emergency Solutions Grant	14.231		47,700
Passed through the City of Las Vegas:	Emergency Solutions Grant	14.231		7,208 <u>54,908</u>
Passed through City of Henderson:	HOME Investment Partnerships Program Child Nutrition Cluster	14.239		<u>42,954</u>
U.S. Department of Housing and Urban Development Total				<u>1,078,753</u>
U.S. Department of Treasury				
Passed through Clark County Nevada:	COVID-19: CARES	21.019		<u>261,024</u>
U.S. Department of Justice				
Passed through the State of Nevada Health and Human Services:	Victims of Crime Act	16.575	16575-18-059	100,000
	Victims of Crime Act	16.575	16575-19-035	77,427
	Victims of Crime Act	16.575	16575-19-123	<u>46,600</u>
Passed through the Rape Crisis Center:	Victims of Crime Act	16.575		<u>54,018</u>
U.S. Department of Justice Total				<u>278,045</u>
U.S. Department of Health and Human Services				
Passed through the State of Nevada Health and Human Services:	Title IV-B	93.556	93566-20-037	<u>36,970</u>
U.S. Department of Agriculture				
Passed through the State of Nevada Department of Agriculture	National School Lunch Program Child Nutrition Cluster	10.555	R-2110-09	<u>50,769</u>
				<u>\$ 1,705,561</u>

See notes to consolidated financial statements

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal award activity of the Organization under programs of the federal government for the year ended June 30, 2021. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule only presents a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the Organization.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. Cost principles are recognized following the cost principles contained in the Uniform Guidance.

For various grants, the Organization has been allowed to charge reasonable administrative and overhead charges, as allowable per the specific grant agreements and, therefore, elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE 3. PASS-THROUGH AWARDS

The Organization received certain federal financial assistance from pass-through awards of the pass-through entities listed on the schedule of expenditures of federal awards.

**ST. JUDE’S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. The auditor’s report expresses an unmodified opinion on the consolidated financial statements of the Organization.
2. No instances of material weaknesses or significant deficiencies related to the audit of the consolidated financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
3. No instances of noncompliance material to the consolidated financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

4. No material weaknesses or significant deficiencies related to the audit of the major federal award program is reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the Organization expresses an unmodified opinion.
6. Audit findings required to be reported in accordance with 2 CFR 200.516 (a) are reported in this schedule.
7. The program tested as a major program was the U.S. Department of Housing and Urban Development Continuum of Care Program, CFDA #14.267.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The Organization qualifies as a low-risk auditee.

FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

None.

**ST. JUDE'S RANCH FOR CHILDREN, INC.
AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

PRIOR YEAR AUDIT FINDINGS – FINANCIAL STATEMENT AUDIT

None.

PRIOR YEAR AUDIT FINDINGS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

None.