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CERTIFIED PUBLIC ACCOUNTANTS

Florida Sheriffs Youth Ranches, Inc.

Consolidated Financial Statements

For The Years Ended September 30, 2022 and 2021



Batts Morrison
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CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Florida Sheriffs Youth Ranches, Inc.
Live Oak, Florida

Opinion

We have audited the consolidated financial statements of Florida Sheriffs Youth Ranches, Inc. ("the Organization"), which consist of the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Florida Sheriffs Youth Ranches, Inc. as of September 30, 2022 and 2021, the consolidated changes in its net assets, and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 generally accepted auditing standards 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, including omissions, 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 consolidated financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Other Matters – Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating statements of financial position as of September 30, 2022 and 2021, and the related supplemental consolidating statements of activities and cash flows for the years then ended are presented for purposes of additional analysis and are 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.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
January 27, 2023

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 5,509,654	\$ 4,997,922
Cash held for self-funded health insurance plan	667,456	772,405
Certificate of deposit	1,015,149	1,012,514
Investments	18,668,733	17,348,199
Investments and other assets restricted for long-term purposes	40,288,390	51,047,917
Beneficial interests in trusts and endowments held by others	4,648,096	4,759,332
Property and equipment, net	10,537,971	9,686,512
Other assets	3,265,310	1,614,999
Total assets	\$ 84,600,759	\$ 91,239,800

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 1,757,692	\$ 1,620,852
Deferred compensation payable	1,374,711	1,416,688
Liabilities for annuities and other	3,428,381	3,935,796
Total liabilities	6,560,784	6,973,336
NET ASSETS		
Without donor restrictions	23,722,360	19,400,695
With donor restrictions	54,317,615	64,865,769
Total net assets	78,039,975	84,266,464
Total liabilities and net assets	\$ 84,600,759	\$ 91,239,800

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Years Ended	
	September 30,	
	<u>2022</u>	<u>2021</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public support and revenue		
Contributions	\$ 7,686,617	\$ 6,789,477
Sales of donated goods	4,008,895	3,927,532
Other income	2,016,490	598,179
Medicaid and third party reimbursements	1,021,970	1,314,744
Grant revenue	—	3,946,500
Investment (loss) income, net	<u>(571,514)</u>	<u>184,388</u>
Total public support and revenue	14,162,458	16,760,820
Net assets released from time and use restrictions	<u>7,629,223</u>	<u>5,801,765</u>
Total public support and revenue and net assets released from time and use restrictions	<u>21,791,681</u>	<u>22,562,585</u>
Expenses		
Program activities		
Home and subsistence	8,316,509	8,593,162
Operation of thrift stores	2,814,951	2,792,740
Medical and clinical	<u>1,138,421</u>	<u>1,094,145</u>
Total program activities	<u>12,269,881</u>	<u>12,480,047</u>
Supporting activities		
Management and general	3,012,493	2,698,634
Development and public relations	<u>2,187,642</u>	<u>2,031,073</u>
Total supporting activities	<u>5,200,135</u>	<u>4,729,707</u>
Total expenses	<u>17,470,016</u>	<u>17,209,754</u>
Change in net assets without donor restrictions	<u>4,321,665</u>	<u>5,352,831</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	8,955,174	6,930,272
Investment (loss) income, net	(8,930,417)	9,897,636
Change in value of split-interest agreements	(2,943,688)	1,050,507
Net assets released from time and use restrictions	<u>(7,629,223)</u>	<u>(5,801,765)</u>
Change in net assets with donor restrictions	<u>(10,548,154)</u>	<u>12,076,650</u>
CHANGE IN NET ASSETS	<u>(6,226,489)</u>	<u>17,429,481</u>
NET ASSETS - Beginning of year	<u>84,266,464</u>	<u>66,836,983</u>
NET ASSETS - End of year	<u>\$ 78,039,975</u>	<u>\$ 84,266,464</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Years Ended	
	September 30,	
	2022	2021
OPERATING CASH FLOWS		
Cash received from contributors	\$ 16,287,782	\$ 11,072,597
Cash received from sales of donated goods	4,008,895	3,938,666
Cash received from Medicaid and third party reimbursements	1,021,970	1,314,744
Other revenue received	2,831,807	1,223,159
Cash paid for operating activities and costs	(20,685,359)	(15,630,289)
Net operating cash flows	3,465,095	1,918,877
INVESTING CASH FLOWS		
Reinvestment of interest and dividends	(819,590)	(856,013)
Net sales (purchases) of investments	353,514	(1,252,283)
Purchases of and improvements to property and equipment	(2,710,121)	(1,350,863)
Net investing cash flows	(3,176,197)	(3,459,159)
FINANCING CASH FLOWS		
Contributions restricted for endowments	62,080	182,890
Contributions restricted for future construction	406,398	1,779,768
Borrowings	—	1,895,300
Net financing cash flows	468,478	3,857,958
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	757,376	2,317,676
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	6,617,395	4,299,719
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	\$ 7,374,771	\$ 6,617,395
REPORTED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS FOLLOWS		
Cash and cash equivalents	\$ 5,509,654	\$ 4,997,922
Cash held for self-funded health insurance plan	667,456	772,405
Cash restricted for long-term purposes included in "Investments and other assets restricted for long-term purposes"	1,197,661	847,068
Total cash, cash equivalents, and restricted cash	\$ 7,374,771	\$ 6,617,395
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ (6,226,489)	\$ 17,429,481
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	1,194,404	1,146,296
Conversion of notes payable to grant revenue	—	(3,946,500)
Contributions restricted for long-term purposes	(468,478)	(1,962,658)
Loss (gain) on investments, net	10,253,027	(9,416,119)
Change in beneficial interests in trusts and endowments held by others	111,236	(684,812)
Change in other assets	(986,053)	(104,000)
Change in accounts payable and accrued expenses	136,840	(316,868)
Change in deferred compensation payable	(41,977)	(42,136)
Change in liabilities for annuities and other	(507,415)	(183,807)
Net operating cash flows	\$ 3,465,095	\$ 1,918,877

SUPPLEMENTAL DISCLOSURE

During the year ended September 30, 2021, \$3,946,500 of principal reductions of notes payable are included in "grant revenue" in the accompanying consolidated statement of activities. See Note J.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2022

	Program activities			
	Home and subsistence	Operation of thrift stores	Medical and clinical	Total program activities
Salaries	\$ 3,042,194	\$ 1,338,967	\$ 590,874	\$ 4,972,035
Payroll-related expenses	<u>781,876</u>	<u>273,340</u>	<u>155,964</u>	<u>1,211,180</u>
Total personnel-related expenses	3,824,070	1,612,307	746,838	6,183,215
Agency membership	28,494	13,438	3,764	45,696
Food	777,351	—	—	777,351
Utilities	427,066	173,409	27,359	627,834
Building and grounds repair and maintenance	357,725	30,128	48,819	436,672
Furniture and equipment rental and maintenance	81,698	15,802	10,768	108,268
Printing and office supplies	43,415	4,065	2,204	49,684
Clothing and personal care	49,102	—	—	49,102
Insurance	534,691	114,246	73,192	722,129
Communications	123,609	28,002	15,599	167,210
Postage and freight	3,048	3,587	417	7,052
Farm expense	314,514	—	—	314,514
Supplies	65,837	20,936	366	87,139
Expenses on investment property	—	—	—	—
Professional services	18,632	62	2,550	21,244
Work program	49,630	—	—	49,630
Bank fees	799	76,081	109	76,989
Program write-offs	43,728	—	5,986	49,714
Rent expense and real estate tax	27,779	486,002	3,803	517,584
Travel	214,353	3,929	6,886	225,168
Personnel services	—	—	—	—
President's discretionary fund	1,870	—	256	2,126
Medical and dental services	—	—	40,230	40,230
Recreation	120,263	—	—	120,263
Vehicle expense	152,766	119,409	21,816	293,991
Alumni scholarships and expenses	78,407	—	10,733	89,140
Awards and special events	36,609	—	—	36,609
Community affairs	43,003	245	5,887	49,135
Education supplies	26,284	—	—	26,284
Religion/music supplies and activities	8,490	—	1,084	9,574
Staff recruitment and development	26,092	6,763	3,531	36,386
Depreciation	<u>837,184</u>	<u>106,540</u>	<u>106,224</u>	<u>1,049,948</u>
Total	<u>\$ 8,316,509</u>	<u>\$ 2,814,951</u>	<u>\$ 1,138,421</u>	<u>\$ 12,269,881</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For The Year Ended September 30, 2022

	Supporting activities				Total expenses
	Total program activities	Management and general	Development and public relations	Total supporting activities	
Salaries	\$ 4,972,035	\$ 1,683,782	\$ 719,710	\$ 2,403,492	\$ 7,375,527
Payroll-related expenses	<u>1,211,180</u>	<u>371,872</u>	<u>183,576</u>	<u>555,448</u>	<u>1,766,628</u>
Total personnel-related expenses	6,183,215	2,055,654	903,286	2,958,940	9,142,155
Agency membership	45,696	1,165	13,683	14,848	60,544
Food	777,351	—	—	—	777,351
Utilities	627,834	30,958	—	30,958	658,792
Building and grounds repair and maintenance	436,672	17,290	—	17,290	453,962
Furniture and equipment rental and maintenance	108,268	81,919	91,375	173,294	281,562
Printing and office supplies	49,684	21,401	640,481	661,882	711,566
Clothing and personal care	49,102	—	—	—	49,102
Insurance	722,129	183,191	4,374	187,565	909,694
Communications	167,210	39,200	11,084	50,284	217,494
Postage and freight	7,052	3,308	311,880	315,188	322,240
Farm expense	314,514	—	—	—	314,514
Supplies	87,139	30,963	23,960	54,923	142,062
Expenses on investment property	—	29,923	—	29,923	29,923
Professional services	21,244	278,140	47,914	326,054	347,298
Work program	49,630	—	—	—	49,630
Bank fees	76,989	27,014	25,830	52,844	129,833
Program write-offs	49,714	285	—	285	49,999
Rent expense and real estate tax	517,584	4,436	—	4,436	522,020
Travel	225,168	20,654	27,496	48,150	273,318
Personnel services	—	—	—	—	—
President's discretionary fund	2,126	695	—	695	2,821
Medical and dental services	40,230	—	—	—	40,230
Recreation	120,263	—	—	—	120,263
Vehicle expense	293,991	27,752	26,058	53,810	347,801
Alumni scholarships and expenses	89,140	—	—	—	89,140
Awards and special events	36,609	—	—	—	36,609
Community affairs	49,135	9,172	54,050	63,222	112,357
Education supplies	26,284	—	—	—	26,284
Religion/music supplies and activities	9,574	—	—	—	9,574
Staff recruitment and development	36,386	4,917	6,171	11,088	47,474
Depreciation	<u>1,049,948</u>	<u>144,456</u>	<u>—</u>	<u>144,456</u>	<u>1,194,404</u>
Total	<u>\$ 12,269,881</u>	<u>\$ 3,012,493</u>	<u>\$ 2,187,642</u>	<u>\$ 5,200,135</u>	<u>\$ 17,470,016</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2021

	Program activities			
	Home and subsistence	Operation of thrift stores	Medical and clinical	Total program activities
Salaries	\$ 3,444,856	\$ 1,232,773	\$ 558,945	\$ 5,236,574
Payroll-related expenses	992,347	298,181	170,805	1,461,333
Total personnel-related expenses	4,437,203	1,530,954	729,750	6,697,907
Agency membership	27,869	10,317	3,548	41,734
Food	795,203	—	—	795,203
Utilities	452,297	156,366	28,722	637,385
Building and grounds repair and maintenance	484,493	73,325	61,113	618,931
Furniture and equipment rental and maintenance	20,993	9,250	2,338	32,581
Printing and office supplies	39,788	10,178	2,745	52,711
Clothing and personal care	48,241	—	—	48,241
Insurance	443,137	69,583	56,423	569,143
Communications	156,763	34,007	17,311	208,081
Postage and freight	2,090	2,194	266	4,550
Farm expense	126,722	—	—	126,722
Supplies	45,162	17,705	310	63,177
Expenses on investment property	—	—	—	—
Professional services	27	454	43,809	44,290
Work program	50,357	—	—	50,357
Bank fees	1,241	68,266	162	69,669
Program write-offs	29,958	—	3,814	33,772
Rent expense and real estate tax	30,045	608,982	3,825	642,852
Travel	131,832	4,007	1,811	137,650
Personnel services	15,370	2,139	3,150	20,659
President's discretionary fund	12,360	—	1,574	13,934
Medical and dental services	97,869	—	—	97,869
Recreation	126,808	—	15,516	142,324
Vehicle expense	63,202	85,513	8,047	156,762
Alumni scholarships and expenses	60,412	—	—	60,412
Awards and special events	2,140	—	273	2,413
Community affairs	28,288	424	—	28,712
Education supplies	80	—	10	90
Religion/music supplies and activities	3,037	—	339	3,376
Staff recruitment and development	44,948	3,681	5,489	54,118
Depreciation and loss on disposals	815,227	105,395	103,800	1,024,422
Total	\$ 8,593,162	\$ 2,792,740	\$ 1,094,145	\$ 12,480,047

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For The Year Ended September 30, 2021

	Supporting activities				Total expenses
	Total program activities	Management and general	Development and public relations	Total supporting activities	
Salaries	\$ 5,236,574	\$ 1,551,743	\$ 689,324	\$ 2,241,067	\$ 7,477,641
Payroll-related expenses	<u>1,461,333</u>	<u>365,237</u>	<u>200,304</u>	<u>565,541</u>	<u>2,026,874</u>
Total personnel-related expenses	6,697,907	1,916,980	889,628	2,806,608	9,504,515
Agency membership	41,734	1,231	14,410	15,641	57,375
Food	795,203	—	—	—	795,203
Utilities	637,385	25,025	—	25,025	662,410
Building and grounds repair and maintenance	618,931	79,544	93,161	172,705	791,636
Furniture and equipment rental and maintenance	32,581	836	157	993	33,574
Printing and office supplies	52,711	11,248	521,373	532,621	585,332
Clothing and personal care	48,241	—	—	—	48,241
Insurance	569,143	140,168	3,485	143,653	712,796
Communications	208,081	33,732	10,742	44,474	252,555
Postage and freight	4,550	2,457	280,290	282,747	287,297
Farm expense	126,722	—	—	—	126,722
Supplies	63,177	1,381	24,052	25,433	88,610
Expenses on investment property	—	22,987	—	22,987	22,987
Professional services	44,290	264,495	105,671	370,166	414,456
Work program	50,357	—	—	—	50,357
Bank fees	69,669	100	21,190	21,290	90,959
Program write-offs	33,772	—	—	—	33,772
Rent expense and real estate tax	642,852	—	—	—	642,852
Travel	137,650	9,975	15,559	25,534	163,184
Personnel services	20,659	4,184	913	5,097	25,756
President's discretionary fund	13,934	—	—	—	13,934
Medical and dental services	97,869	—	—	—	97,869
Recreation	142,324	19,429	15,609	35,038	177,362
Vehicle expense	156,762	1,755	828	2,583	159,345
Alumni scholarships and expenses	60,412	—	—	—	60,412
Awards and special events	2,413	2,397	19,077	21,474	23,887
Community affairs	28,712	25	11,701	11,726	40,438
Education supplies	90	220	—	220	310
Religion/music supplies and activities	3,376	—	—	—	3,376
Staff recruitment and development	54,118	2,765	3,227	5,992	60,110
Depreciation and loss on disposals	<u>1,024,422</u>	<u>157,700</u>	<u>—</u>	<u>157,700</u>	<u>1,182,122</u>
Total	<u>\$ 12,480,047</u>	<u>\$ 2,698,634</u>	<u>\$ 2,031,073</u>	<u>\$ 4,729,707</u>	<u>\$ 17,209,754</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Florida Sheriffs Youth Ranches, Inc. (“FSYR”) is a Florida not-for-profit corporation formed in 1973 to prevent juvenile delinquency by providing services to children and youth who may be abandoned, homeless, destitute, neglected, dependent, or in need of supervision regardless of race, creed, color, or sex; to care for said children and youth by providing as-needed and feasible residential care, camping programs, education, and related services.

Sheriffs Ranches Enterprises, Inc. (“SRE”) is a Florida not-for-profit corporation formed in 2005. SRE is a supporting organization of FSYR and FSYR has certain approval rights regarding SRE’s governing board. The primary purpose of SRE is to operate the productive enterprises of FSYR. SRE fulfills its purpose through the help of community donors who provide goods for sale in SRE’s thrift stores. SRE operates a vehicle sales lot and six thrift stores in Citrus, Pinellas, Suwannee, Hernando, Lake, and Marion Counties (all in Florida).

In conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), the consolidated financial statements of FSYR include the accounts of SRE. All significant inter-organization accounts and transactions have been eliminated in consolidation. FSYR and SRE are collectively referred to as “the Organization” in these notes.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as “net assets released from time and use restrictions.”

Medicaid and third party reimbursement revenue are reported at the amount that reflects the consideration to which the Organization expects to be entitled for providing child support and other services. Such amounts are generally due from Florida community-based care lead agencies and other state institutions. Generally, the Organization invoices such agencies and institutions throughout the year as services are provided. Revenue is recognized in the period the related services are provided. Performance obligations are determined based on the nature of the services provided by the Organization. Generally, the Organization measures the performance obligation for child support from when an individual is placed into the care of the Organization, to the point when the Organization is no longer required to provide such support services. The Organization determines the transaction prices based on agreed-upon rate agreements and contract terms.

Cash and cash equivalents

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Cash held for self-funded health insurance plan

Cash held for self-funded health insurance plan includes cash set aside for future claims related to FSYR’s self-funded health insurance plan.

Certificate of deposit

FSYR’s certificate of deposit bears interest at 0.26% per annum and matures in November 2022.

Investments and other assets restricted for long-term purposes

Investments and other assets restricted for long-term purposes include cash and cash equivalents, mutual funds, corporate stock, corporate bonds, and government securities carried at estimated fair value, and beneficial interests in perpetual trusts and endowments held by others. These assets are primarily restricted pursuant to the endowment agreements to which they relate and for future construction.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split-interest gifts

For irrevocable split-interest arrangements such as charitable gift annuities and similar arrangements in which FSyr is a trustee or custodian, the assets of such arrangements are reflected in the consolidated financial statements as further described in Note E. The carrying values of such investments conform to U.S. GAAP, which generally require that investment securities be carried at estimated fair value at all times and that other assets be carried at the estimated fair value of the assets on the date the assets are contributed, unadjusted for subsequent changes in value. Also, for arrangements in which FSyr is a trustee or custodian, a liability is recognized for the estimated present value of benefits payable to other beneficiaries. For split-interest arrangements in which FSyr is not the trustee or custodian, FSyr recognizes an asset for the estimated present value of FSyr's benefits under the arrangements.

For all irrevocable split-interest arrangements, regardless of whether or not FSyr acts as trustee or custodian, contribution revenue without or with donor restrictions is recognized for the estimated present value of FSyr's benefits under each such arrangement in the year the arrangement is established or in the year in which FSyr is provided sufficient information about the existence and nature of the arrangement. Periodic adjustments are made for changes in estimated present values using applicable mortality tables and appropriate discount rates. State law imposes certain restrictions on the manner in which charitable gift annuity assets may be invested.

FSyr is also the beneficiary of certain perpetual irrevocable trusts and endowments held and administered by other parties. FSyr generally has the irrevocable right to receive the income earned on the underlying assets in perpetuity. The estimated fair value of such amounts is recognized as an asset and as contribution revenue with restrictions at the date FSyr becomes aware of the agreement. FSyr's estimate of fair value is based on fair value information received from the other parties. The underlying assets are not subject to FSyr's discretion or control. Gains and losses, which are not distributed, are reflected within "change in value of split-interest agreements" in the consolidated statements of activities.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. The Organization uses the straight-line method of depreciating property and equipment over the estimated useful lives of the related assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

Functional allocation of expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

Income taxes

FSyr and SRE are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. FSyr and SRE are further classified as public charities and not private foundations for federal tax purposes. FSyr engages in a certain unrelated business income activity. Income taxes (if any) are recognized as expenses when the related income is generated.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

Management uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those related to the estimated fair value of investments, those used in determining the useful lives of property and equipment, and those used to estimate the liabilities for annuities. Actual results could differ from the estimates.

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Organization’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Organization of relief measures available under federal law and monitoring the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity.

Subsequent events

The Organization has evaluated for possible financial statement reporting and disclosure subsequent events through the date of the report of independent auditor, the date as of which the consolidated financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the consolidated statements of financial position are as follows:

	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets available:		
Cash and cash equivalents	\$ 5,509,654	\$ 4,997,922
Cash held for self-funded health insurance plan	667,456	772,405
Certificate of deposit	1,015,149	1,012,514
Investments	18,668,733	17,348,199
Cash and investments restricted for long-term purposes	<u>34,289,289</u>	<u>42,831,753</u>
Total financial assets available within one year	60,150,281	66,962,793
Less amounts unavailable for general expenditure within one year due to:		
Amounts unavailable due to donor restrictions	(42,533,325)	(49,956,565)
Amounts held to satisfy charitable gift annuity obligations	(4,853,645)	(5,618,282)
Amounts held for self-funded health insurance plan	<u>(667,456)</u>	<u>(772,405)</u>
Net financial assets available within one year	<u>\$ 12,095,855</u>	<u>\$ 10,615,541</u>

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Organization is primarily supported by contributions, sales of donated goods, and Medicaid and third party reimbursements. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has certain assets limited to use for donor-restricted purposes. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditure within one year of the date of the consolidated statements of financial position, and are excluded from net financial assets available to meet general expenditures within one year.

Management believes the Organization has sufficient investments available for general operations that may be drawn upon in the event of an unanticipated financial distress or an immediate liquidity need. The Organization also has a \$1,000,000 line of credit as an available source of liquidity (see Note Q).

NOTE D – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

NOTE E – INVESTMENTS

FSYR holds investments of various types both in its capacity as trustee or custodian and in its capacity as owner. Investments are carried at estimated fair value. Investments were held for the following purposes or activities:

	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Investments held as trustee or in a similar capacity</u>		
• Investments held to satisfy charitable gift annuity obligations	\$ 4,853,645	\$ 5,618,282
<u>Investments subject to donor restrictions</u>		
• Investments held for endowment corpus	17,073,722	17,235,674
• Net appreciation	16,017,906	23,713,024
• Investments held for other donor restricted purposes	8,094,177	8,905,168
<u>Investments held for other purposes</u>		
• Investments held for other purposes	5,720,911	3,860,736
Total investments	\$ 51,760,361	\$ 59,332,884

Investments consisted of the following:

	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Money market and similar funds	\$ 605,879	\$ 1,779,858
Mutual funds	9,674,563	28,888,039
Corporate stocks	24,392,838	19,295,173
Corporate bonds	12,124,092	4,945,482
Government securities	4,962,989	4,424,332
Total investments	\$ 51,760,361	\$ 59,332,884

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E – INVESTMENTS (Continued)

Investments are reported in the accompanying consolidated statements of financial position as follows:

	September 30,	
	2022	2021
Investments	\$ 18,668,733	\$ 17,348,199
Investments included within “Investments and other assets restricted for long-term purposes”	33,091,628	41,984,685
Total investments	\$ 51,760,361	\$ 59,332,884

NOTE F – INVESTMENTS AND OTHER ASSETS RESTRICTED FOR LONG-TERM PURPOSES

Investments and other assets restricted for long-term purposes were held for the following purposes or activities:

	September 30,	
	2022	2021
Investments held for endowment corpus	\$ 17,073,722	\$ 17,235,674
Net appreciation on investments held for endowment corpus	16,017,906	23,713,024
Beneficial interests in perpetual trusts and endowments held by others	5,999,101	8,216,164
Cash and investments held for future construction	1,197,661	1,883,055
Total investments and other assets restricted for long-term purposes	\$ 40,288,390	\$ 51,047,917

NOTE G – FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value for an investment as the price an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Accordingly, U.S. GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – FAIR VALUE MEASUREMENTS (Continued)

The estimated fair value of items measured on a recurring basis at September 30, 2022, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 9,674,563	\$ 9,674,563	\$ —	\$ —
Corporate stocks	24,392,838	24,392,838	—	—
Corporate bonds	12,124,092	12,124,092	—	—
Government securities	4,962,989	4,962,989	—	—
Beneficial interests in trusts and endowments held by others	<u>10,647,197</u>	<u>—</u>	<u>—</u>	<u>10,647,197</u>
Total	<u>\$ 61,801,679</u>	<u>\$ 51,154,482</u>	<u>\$ —</u>	<u>\$ 10,647,197</u>
Liabilities for annuities and other	<u>\$ (3,428,381)</u>	<u>\$ —</u>	<u>\$ (3,428,381)</u>	<u>\$ —</u>

The estimated fair value of items measured on a recurring basis at September 30, 2021, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 28,888,039	\$ 28,888,039	\$ —	\$ —
Corporate stocks	19,295,173	19,295,173	—	—
Corporate bonds	4,945,482	4,945,482	—	—
Government securities	4,424,332	4,424,332	—	—
Beneficial interests in trusts and endowments held by others	<u>12,975,496</u>	<u>—</u>	<u>—</u>	<u>12,975,496</u>
Total	<u>\$ 70,528,522</u>	<u>\$ 57,553,026</u>	<u>\$ —</u>	<u>\$ 12,975,496</u>
Liabilities for annuities and other	<u>\$ (3,935,796)</u>	<u>\$ —</u>	<u>\$ (3,935,796)</u>	<u>\$ —</u>

Beneficial interests in trusts and endowments are primarily administered by banks and other financial institutions. The estimated fair value of FSYR's beneficial interests in trusts and endowments held by others using Level 3 inputs is based on amounts provided by the banks and other financial institutions.

The following is a reconciliation of beneficial interests in trusts and endowments in which significant unobservable inputs (Level 3) were used in determining fair value:

Balance, October 1, 2020	\$ 11,354,272
Net gain	1,677,184
Net distributions	<u>(55,960)</u>
Balance, September 1, 2021	12,975,496
Net loss	(2,398,054)
Net contributions	<u>69,755</u>
Balance, September 1, 2022	<u>\$ 10,647,197</u>

Liabilities for annuities and other are based on estimated present value, applying certain assumptions regarding interest rates and life expectancies.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H – BENEFICIAL INTERESTS IN TRUSTS AND ENDOWMENTS HELD BY OTHERS

Beneficial interests in trusts and endowments held by others consisted of the following:

	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Beneficial interests in remainder trusts held by others	\$ 3,199,652	\$ 3,741,430
Estates receivable	<u>1,448,444</u>	<u>1,017,902</u>
Total beneficial interests in trusts and endowments held by others	<u>\$ 4,648,096</u>	<u>\$ 4,759,332</u>

NOTE I – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Category</u>	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 4,320,621	\$ 3,077,695
Buildings and building improvements (including leasehold improvements)	23,900,145	26,330,921
Furniture, fixtures, and equipment	3,482,186	3,571,786
Vehicles	3,211,888	2,801,953
Construction in progress	<u>495,924</u>	<u>384,907</u>
Total property and equipment	35,410,764	36,167,262
Less: Accumulated depreciation	<u>(24,872,793)</u>	<u>(26,480,750)</u>
Net property and equipment	<u>\$ 10,537,971</u>	<u>\$ 9,686,512</u>

Depreciation expense amounted to \$1,194,404 and \$1,146,296 during the years ended September 30, 2022 and 2021, respectively.

NOTE J – NOTES PAYABLE

In a prior year, FSyr and SRE obtained Paycheck Protection Program (“PPP”) notes payable of \$1,708,200 and \$343,000, respectively. During the year ended September 30, 2021, FSyr and SRE obtained Second Draw PPP loans of \$1,567,500 and \$327,800, respectively. The PPP loans were forgiven entirely by the Small Business Administration during the year ended September 30, 2021 based on the nature of FSyr and SRE’s expenditures during applicable periods. Accordingly, FSyr and SRE recognized grant revenue of \$3,946,500 in the accompanying consolidated statement of activities during the year ended September 30, 2021.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE K – DEFERRED COMPENSATION PAYABLE

FSYR has entered into unfunded deferred compensation agreements with two of its former presidents. The agreements provide for certain percentages of the former presidents’ salaries to be paid to the former presidents or their surviving spouses for the remainder of their lives. The present value of the estimated remaining payments due under the deferred compensation agreements is \$1,374,711 and \$1,416,688 as of September 30, 2022 and 2021, respectively.

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	September 30,	
	2022	2021
Endowment corpus	\$ 17,073,722	\$ 17,235,674
Appreciation of endowments	16,017,906	23,713,024
Beneficial interests in perpetual trusts and endowments held by others	5,999,101	8,216,164
Scholarships	5,118,712	5,364,661
Beneficial interests in remainder trusts held by others and estates receivable	4,648,096	4,759,332
Amounts held to satisfy charitable gift annuity obligations	1,137,093	1,933,708
Future construction	1,197,661	1,883,055
Other	3,125,324	1,760,151
Total net assets with donor restrictions	\$ 54,317,615	\$ 64,865,769

Earnings from endowments are primarily available to support the general purposes of FSYR. FSYR preserves the estimated fair value of all original endowment gifts as of the gift date, which management deems is in compliance with state law. Accordingly, FSYR classifies as “endowment corpus” (a) the original value of gifts donated to the endowments and (b) the original value of subsequent gifts to the endowments. FSYR has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to supported programs while seeking to maintain the purchasing power of the endowment assets and to preserve the invested capital. FSYR seeks the advice of investment counsel, as well as management and certain committees of the Board, when determining amounts to be spent on supported programs. FSYR’s spending policy stipulates that 5% of the estimated fair value of each fund (valued as of September 30th of the prior three year average) is available for program-related distributions.

NOTE M – SELF-FUNDED HEALTH INSURANCE PLAN

FSYR maintains a self-funded health insurance plan for eligible employees and their eligible dependents. FSYR has contracted with a third party administrator to process claims. FSYR has stop-loss insurance coverage for claims incurred which exceed \$110,000 per individual per year, with an unlimited annual maximum. The Organization’s consolidated statements of financial position as of September 30, 2022 and 2021 includes \$677,456 and \$772,405 of cash related to the plan, respectively.

In addition, management estimated the liability associated with claims incurred but not reported to the plan as of September 30, 2022 and 2021 to be approximately \$95,000 and \$115,000, respectively. Such amounts are included in “accounts payable and accrued expenses” in the accompanying consolidated statements of financial position.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE N – RETIREMENT PLAN

The Organization contributes to a 401(k) profit-sharing plan (“the Plan”). All employees age 20.5 and older are eligible to participate in the Plan. Participating employees may elect to make salary deferral contributions to the Plan. The Plan requires the Organization to make matching contributions of up to 3% of an employee’s annual compensation up to a maximum of 5% (increasing by 50% of salary deferrals between 3% and 5% of an employee’s annual compensation). The Organization contributed approximately \$140,000 and \$161,000 to the Plan during the years ended September 30, 2022 and 2021, respectively. The Organization may also provide an additional discretionary matching contribution to the Plan. No additional discretionary matching contributions were made to the Plan during the years ended September 30, 2022 and 2021.

NOTE O – FLORIDA SHERIFFS ASSOCIATION

The Florida Sheriffs Association (“the Association”) is a not-for-profit corporation which is responsible for ratifying FSYR Board member appointments. Occasionally, the Association and FSYR may also have common board members. In addition, the Association provides the following support activities which benefit FSYR:

- Providing an organized awards program of lifetime honorary memberships in the Association to those individuals who make a donation of a certain amount to FSYR, including publication of such memberships in *The Sheriff’s Star* which is issued four times per year; and
- Publishing articles, news items, and solicitations of support through *The Sheriff’s Star* and online via Facebook and the Association’s website.

Since the dollar value of these activities cannot be reasonably estimated, and since the activities are not directed by FSYR, no amounts are included in the accompanying consolidated financial statements related to such activities.

NOTE P – OPERATING LEASES

SRE leases building space under operating lease agreements. Rent expense (including common area maintenance and other charges) related to such leases was approximately \$613,000 and \$606,000 during the years ended September 30, 2022 and 2021, respectively.

Future minimum rental payments under noncancelable operating leases are approximately as follows:

<u>Year Ending</u> <u>September 30,</u>	
2023	\$ 550,000
2024	397,000
2025	277,000
2026	<u>162,000</u>
Total	<u>\$ 1,386,000</u>

NOTE Q – COMMITMENT

FSYR has a \$1,000,000 unsecured revolving line of credit with a certain financial institution. As of September 30, 2022 and 2021, there were no amounts outstanding under this line of credit.

SUPPLEMENTAL SCHEDULES

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2022

ASSETS

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 5,091,448	\$ 418,206	\$ —	\$ 5,509,654
Cash held for self-funded health insurance plan	667,456	—	—	667,456
Certificate of deposit	1,015,149	—	—	1,015,149
Investments	18,668,733	—	—	18,668,733
Investments and other assets restricted for long-term purposes	40,288,390	—	—	40,288,390
Beneficial interests in trusts and endowments held by others	4,648,096	—	—	4,648,096
Investment in Sheriffs Ranches Enterprises, Inc.	972,273	—	(972,273)	—
Property and equipment, net	10,258,322	279,649	—	10,537,971
Other assets	2,732,505	532,805	—	3,265,310
Total assets	<u>\$ 84,342,372</u>	<u>\$ 1,230,660</u>	<u>\$ (972,273)</u>	<u>\$ 84,600,759</u>

LIABILITIES AND NET ASSETS

LIABILITIES				
Accounts payable and accrued expenses	\$ 1,522,442	\$ 235,250	\$ —	\$ 1,757,692
Deferred compensation payable	1,374,711	—	—	1,374,711
Liabilities for annuities and other	3,428,381	—	—	3,428,381
Total liabilities	<u>6,325,534</u>	<u>235,250</u>	<u>—</u>	<u>6,560,784</u>
NET ASSETS				
Without donor restrictions	23,699,223	995,410	(972,273)	23,722,360
With donor restrictions	54,317,615	—	—	54,317,615
Total net assets	<u>78,016,838</u>	<u>995,410</u>	<u>(972,273)</u>	<u>78,039,975</u>
Total liabilities and net assets	<u>\$ 84,342,372</u>	<u>\$ 1,230,660</u>	<u>\$ (972,273)</u>	<u>\$ 84,600,759</u>

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2021

ASSETS

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 4,312,718	\$ 685,204	\$ —	\$ 4,997,922
Cash held for self-funded health insurance plan	772,405	—	—	772,405
Certificate of deposit	1,012,514	—	—	1,012,514
Investments	17,348,199	—	—	17,348,199
Investments and other assets restricted for long-term purposes	51,047,917	—	—	51,047,917
Beneficial interests in trusts and endowments held by others	4,759,332	—	—	4,759,332
Investment in Sheriffs Ranches Enterprises, Inc.	972,273	—	(972,273)	—
Property and equipment, net	9,400,878	285,634	—	9,686,512
Other assets	1,247,366	367,633	—	1,614,999
Total assets	<u>\$ 90,873,602</u>	<u>\$ 1,338,471</u>	<u>\$ (972,273)</u>	<u>\$ 91,239,800</u>

LIABILITIES AND NET ASSETS

LIABILITIES				
Accounts payable and accrued expenses	\$ 1,371,761	\$ 249,091	\$ —	\$ 1,620,852
Deferred compensation payable	1,416,688	—	—	1,416,688
Liabilities for annuities and other	3,935,796	—	—	3,935,796
Total liabilities	<u>6,724,245</u>	<u>249,091</u>	<u>—</u>	<u>6,973,336</u>
NET ASSETS				
Without donor restrictions	19,283,588	1,089,380	(972,273)	19,400,695
With donor restrictions	64,865,769	—	—	64,865,769
Total net assets	<u>84,149,357</u>	<u>1,089,380</u>	<u>(972,273)</u>	<u>84,266,464</u>
Total liabilities and net assets	<u>\$ 90,873,602</u>	<u>\$ 1,338,471</u>	<u>\$ (972,273)</u>	<u>\$ 91,239,800</u>

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2022

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Public support and revenue				
Contributions	\$ 7,631,655	\$ 58,195	\$ (3,233)	\$ 7,686,617
Sales of donated goods	—	4,008,895	—	4,008,895
Medicaid and third party reimbursements	1,021,970	—	—	1,021,970
Grant from Sheriffs Ranches Enterprises, Inc.	585,194	—	(585,194)	—
Other income	2,015,387	1,103	—	2,016,490
Investment loss, net	(571,514)	—	—	(571,514)
Total public support and revenue	<u>10,682,692</u>	<u>4,068,193</u>	<u>(588,427)</u>	<u>14,162,458</u>
Net assets released from time and use restrictions	<u>7,629,223</u>	<u>—</u>	<u>—</u>	<u>7,629,223</u>
Total public support and revenue and net assets released from time and use restrictions	<u>18,311,915</u>	<u>4,068,193</u>	<u>(588,427)</u>	<u>21,791,681</u>
Expenses				
Program activities				
Home and subsistence	8,316,509	—	—	8,316,509
Operation of thrift stores	—	2,818,184	(3,233)	2,814,951
Medical and clinical	1,138,421	—	—	1,138,421
Grant to Florida Sheriffs Youth Ranches, Inc.	—	585,194	(585,194)	—
Total program activities	<u>9,454,930</u>	<u>3,403,378</u>	<u>(588,427)</u>	<u>12,269,881</u>
Supporting activities				
Management and general	2,373,435	639,058	—	3,012,493
Development and public relations	2,067,915	119,727	—	2,187,642
Total supporting activities	<u>4,441,350</u>	<u>758,785</u>	<u>—</u>	<u>5,200,135</u>
Total expenses	<u>13,896,280</u>	<u>4,162,163</u>	<u>(588,427)</u>	<u>17,470,016</u>
Change in net assets without donor restrictions	<u>4,415,635</u>	<u>(93,970)</u>	<u>—</u>	<u>4,321,665</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	8,955,174	—	—	8,955,174
Investment loss, net	(8,930,417)	—	—	(8,930,417)
Change in value of split-interest agreements	(2,943,688)	—	—	(2,943,688)
Net assets released from time and use restrictions	(7,629,223)	—	—	(7,629,223)
Change in net assets with donor restrictions	<u>(10,548,154)</u>	<u>—</u>	<u>—</u>	<u>(10,548,154)</u>
CHANGE IN NET ASSETS	(6,132,519)	(93,970)	—	(6,226,489)
NET ASSETS - Beginning of year	84,149,357	1,089,380	(972,273)	84,266,464
NET ASSETS - End of year	\$ 78,016,838	\$ 995,410	\$ (972,273)	\$ 78,039,975

See the Accompanying Report of Independent Auditor

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2021

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Public support and revenue				
Contributions	\$ 6,743,600	\$ 46,195	\$ (318)	\$ 6,789,477
Grant revenue	3,275,700	670,800	—	3,946,500
Sales of donated goods	—	3,927,532	—	3,927,532
Medicaid and third party reimbursements	1,314,744	—	—	1,314,744
Grant from Sheriffs Ranches Enterprises, Inc.	800,000	—	(800,000)	—
Other income	597,458	721	—	598,179
Investment income, net	184,388	—	—	184,388
Total public support and revenue	<u>12,915,890</u>	<u>4,645,248</u>	<u>(800,318)</u>	<u>16,760,820</u>
Net assets released from time and use restrictions	<u>5,801,765</u>	<u>—</u>	<u>—</u>	<u>5,801,765</u>
Total public support and revenue and net assets released from time and use restrictions	<u>18,717,655</u>	<u>4,645,248</u>	<u>(800,318)</u>	<u>22,562,585</u>
Expenses				
Program activities				
Home and subsistence	8,593,162	—	—	8,593,162
Operation of thrift stores	—	2,793,058	(318)	2,792,740
Medical and clinical	1,094,145	—	—	1,094,145
Grant to Florida Sheriffs Youth Ranches, Inc.	—	800,000	(800,000)	—
Total program activities	<u>9,687,307</u>	<u>3,593,058</u>	<u>(800,318)</u>	<u>12,480,047</u>
Supporting activities				
Management and general	2,146,910	551,724	—	2,698,634
Development and public relations	1,939,037	92,036	—	2,031,073
Total supporting activities	<u>4,085,947</u>	<u>643,760</u>	<u>—</u>	<u>4,729,707</u>
Total expenses	<u>13,773,254</u>	<u>4,236,818</u>	<u>(800,318)</u>	<u>17,209,754</u>
Change in net assets without donor restrictions	<u>4,944,401</u>	<u>408,430</u>	<u>—</u>	<u>5,352,831</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	6,930,272	—	—	6,930,272
Investment income, net	9,897,636	—	—	9,897,636
Change in value of split-interest agreements	1,050,507	—	—	1,050,507
Net assets released from time and use restrictions	<u>(5,801,765)</u>	<u>—</u>	<u>—</u>	<u>(5,801,765)</u>
Change in net assets with donor restrictions	<u>12,076,650</u>	<u>—</u>	<u>—</u>	<u>12,076,650</u>
CHANGE IN NET ASSETS	17,021,051	408,430	—	17,429,481
NET ASSETS - Beginning of year	67,128,306	680,950	(972,273)	66,836,983
NET ASSETS - End of year	\$ 84,149,357	\$ 1,089,380	\$ (972,273)	\$ 84,266,464

See the Accompanying Report of Independent Auditor

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
For The Year Ended September 30, 2022

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
OPERATING CASH FLOWS				
Cash received from contributors	\$ 16,229,587	\$ 58,195	\$ —	\$ 16,287,782
Cash received from sales of donated goods	—	4,008,895	—	4,008,895
Cash received from Medicaid and third party reimbursements	1,021,970	—	—	1,021,970
Other revenue received	2,830,704	1,103	—	2,831,807
Grant from Sheriffs Ranches Enterprises, Inc.	585,194	—	(585,194)	—
Cash paid for operating activities and costs	(17,042,417)	(3,642,942)	—	(20,685,359)
Grant to Florida Sheriffs Youth Ranches, Inc.	—	(585,194)	585,194	—
Net operating cash flows	3,625,038	(159,943)	—	3,465,095
INVESTING CASH FLOWS				
Reinvestment of interest and dividends	(819,590)	—	—	(819,590)
Net sales of investments	353,514	—	—	353,514
Purchases of and improvements to property and equipment	(2,603,066)	(107,055)	—	(2,710,121)
Net investing cash flows	(3,069,142)	(107,055)	—	(3,176,197)
FINANCING CASH FLOWS				
Contributions restricted for endowments	62,080	—	—	62,080
Contributions restricted for future construction	406,398	—	—	406,398
Net financing cash flows	468,478	—	—	468,478
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,024,374	(266,998)	—	757,376
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	5,932,191	685,204	—	6,617,395
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	\$ 6,956,565	\$ 418,206	\$ —	\$ 7,374,771
REPORTED IN THE CONSOLIDATING STATEMENTS OF FINANCIAL POSITION AS FOLLOWS				
Cash and cash equivalents	\$ 5,091,448	\$ 418,206	\$ —	\$ 5,509,654
Cash held for self-funded health insurance plan	667,456	—	—	667,456
Cash restricted for long-term purposes included in "Investments and other assets restricted for long-term purposes"	1,197,661	—	—	1,197,661
Total cash, cash equivalents, and restricted cash	\$ 6,956,565	\$ 418,206	\$ —	\$ 7,374,771
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS				
Change in net assets	\$ (6,132,519)	\$ (93,970)	\$ —	\$ (6,226,489)
Adjustments to reconcile change in net assets to net operating cash flows				
Depreciation	1,081,364	113,040	—	1,194,404
Contributions restricted for long-term purposes	(468,478)	—	—	(468,478)
Loss on investments, net	10,253,027	—	—	10,253,027
Change in beneficial interests in trusts and endowments held by others	111,236	—	—	111,236
Change in other assets	(820,881)	(165,172)	—	(986,053)
Change in accounts payable and accrued expenses	150,681	(13,841)	—	136,840
Change in deferred compensation payable	(41,977)	—	—	(41,977)
Change in liabilities for annuities and other	(507,415)	—	—	(507,415)
Net operating cash flows	\$ 3,625,038	\$ (159,943)	\$ —	\$ 3,465,095

See the Accompanying Report of Independent Auditor

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
For The Year Ended September 30, 2021

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
OPERATING CASH FLOWS				
Cash received from contributors	\$ 11,026,402	\$ 46,195	\$ —	\$ 11,072,597
Cash received from sales of donated goods	—	3,938,666	—	3,938,666
Cash received from Medicaid and third party reimbursements	1,314,744	—	—	1,314,744
Other revenue received	1,222,438	721	—	1,223,159
Grant from Sheriffs Ranches Enterprises, Inc.	800,000	—	(800,000)	—
Cash paid for operating activities and costs	(12,366,027)	(3,264,262)	—	(15,630,289)
Grant to Florida Sheriffs Youth Ranches, Inc.	—	(800,000)	800,000	—
Net operating cash flows	<u>1,997,557</u>	<u>(78,680)</u>	<u>—</u>	<u>1,918,877</u>
INVESTING CASH FLOWS				
Reinvestment of interest and dividends	(856,013)	—	—	(856,013)
Net purchases of investments	(1,252,283)	—	—	(1,252,283)
Purchases of and improvements to property and equipment	(1,267,827)	(83,036)	—	(1,350,863)
Net investing cash flows	<u>(3,376,123)</u>	<u>(83,036)</u>	<u>—</u>	<u>(3,459,159)</u>
FINANCING CASH FLOWS				
Contributions restricted for endowments	182,890	—	—	182,890
Contributions restricted for future construction	1,779,768	—	—	1,779,768
Borrowings	1,567,500	327,800	—	1,895,300
Net financing cash flows	<u>3,530,158</u>	<u>327,800</u>	<u>—</u>	<u>3,857,958</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>2,151,592</u>	<u>166,084</u>	<u>—</u>	<u>2,317,676</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	<u>3,780,599</u>	<u>519,120</u>	<u>—</u>	<u>4,299,719</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	<u>\$ 5,932,191</u>	<u>\$ 685,204</u>	<u>\$ —</u>	<u>\$ 6,617,395</u>
REPORTED IN THE CONSOLIDATING STATEMENTS OF FINANCIAL POSITION AS FOLLOWS				
Cash and cash equivalents	\$ 4,312,718	\$ 685,204	\$ —	\$ 4,997,922
Cash held for self-funded health insurance plan	772,405	—	—	772,405
Cash restricted for long-term purposes included in "Investments and other assets restricted for long-term purposes"	847,068	—	—	847,068
Total cash, cash equivalents, and restricted cash	<u>\$ 5,932,191</u>	<u>\$ 685,204</u>	<u>\$ —</u>	<u>\$ 6,617,395</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS				
Change in net assets	\$ 17,021,051	\$ 408,430	\$ —	\$ 17,429,481
Adjustments to reconcile change in net assets to net operating cash flows				
Depreciation	1,031,495	114,801	—	1,146,296
Conversion of notes payable to grant revenue	(3,275,700)	(670,800)	—	(3,946,500)
Contributions restricted for long-term purposes	(1,962,658)	—	—	(1,962,658)
Gain on investments, net	(9,416,119)	—	—	(9,416,119)
Change in beneficial interests in trusts and endowments held by others	(684,812)	—	—	(684,812)
Change in other assets	(142,449)	38,449	—	(104,000)
Change in accounts payable and accrued expenses	(347,308)	30,440	—	(316,868)
Change in deferred compensation payable	(42,136)	—	—	(42,136)
Change in liabilities for annuities and other	(183,807)	—	—	(183,807)
Net operating cash flows	<u>\$ 1,997,557</u>	<u>\$ (78,680)</u>	<u>\$ —</u>	<u>\$ 1,918,877</u>

SUPPLEMENTAL DISCLOSURE

\$3,946,500 of principal reductions of long-term debt are included in "grant revenue" in the accompanying consolidating statement of activities for the year ended September 30, 2021. See Note J to the consolidated financial statements.

See the Accompanying Report of Independent Auditor