



Financial Statements
June 30, 2023

Utah Youth Village, Inc.
(With Comparative Totals for 2022)

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Independent Auditor's Report

To the Board of Trustees
Utah Youth Village, Inc.
Salt Lake City, Utah

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Utah Youth Village, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Utah Youth Village, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Report on Summarized Comparative Information

We have previously audited 2022 financial statements of Utah Youth Village, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Utah Youth Village, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Utah Youth Village, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Utah Youth Village, Inc.'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.



Salt Lake City, Utah
October 23, 2023

Utah Youth Village, Inc.
Statement of Financial Position
June 30, 2023

(With summarized financial information as of June 30, 2022)

	2023	2022
Assets		
Cash and cash equivalents	\$ 5,768,276	\$ 6,390,010
Investments	81	81
Accounts receivable, net	688,293	684,359
Other receivables	13,589	12,609
Prepaid expenses	231,238	193,690
Promises to give, net	353,624	533,765
Beneficial interest in charitable trust held by others	2,917,459	2,609,059
Investment in Meadowbrook Water Users Association	792,350	792,350
Property and equipment, net	17,149,913	16,799,464
Property and improvements held for future development and sale	220,217	203,435
	<u>\$ 28,135,040</u>	<u>\$ 28,218,822</u>
Liabilities and Net Assets		
Accounts payable	\$ 367,347	\$ 377,932
Unearned revenues	361,559	370,421
Accrued payroll and related expenses	703,793	588,188
Other accrued expenses	-	1,509
Notes payable, net of unamortized debt issuance costs	3,990,689	4,176,090
	<u>5,423,388</u>	<u>5,514,140</u>
Net Assets		
Without donor restrictions		
Undesignated	1,174,474	1,157,360
Property and equipment, net of related debt	13,379,441	12,826,809
Board Designated		
Alpine Academy II Construction	693,417	1,374,439
Board designated endowment for		
Alpine Academy II	439,952	439,952
Families First	23,955	24,402
With donor restrictions		
CPAF earnings for Families First	132,724	139,394
Scholarship	88,165	84,089
Alpine Academy II	353,624	583,765
Families First	592,589	599,939
Other	90,567	40,189
Tanner endowment	2,917,459	2,609,059
Children's Perpetual Assistance Fund	2,825,285	2,825,285
	<u>22,711,652</u>	<u>22,704,682</u>
	<u>\$ 28,135,040</u>	<u>\$ 28,218,822</u>

Utah Youth Village, Inc.

Statement of Activities

Year Ended June 30, 2023

(With summarized financial information for the year ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
Public Support				
Contributions of cash and other financial assets	\$ 667,490	\$ 706,261	\$ 1,373,751	\$ 1,903,437
Contributions of nonfinancial assets	123,883	-	123,883	128,975
Total public support	791,373	706,261	1,497,634	2,032,412
Revenue				
Utah Department of Human Services	2,645,492	-	2,645,492	2,450,999
Other agencies and organizations	6,172,505	-	6,172,505	6,298,919
Private placement	5,672,298	-	5,672,298	4,096,866
Change in fair value of charitable trust held by others	-	308,400	308,400	333,071
Gain on sale of property and equipment	16,733	-	16,733	28,110
Net investment return	224,400	-	224,400	(100)
Interest income	64,749	135,500	200,249	189,798
Other income	14,442	-	14,442	8,893
Gross special events revenue	13,090	-	13,090	13,090
Less cost of direct benefits to donors	(22,680)	-	(22,680)	(15,314)
Net special events loss	(9,590)	-	(9,590)	(2,224)
Total revenues	14,801,029	443,900	15,244,929	13,404,332
Net assets released from restrictions	1,031,468	(1,031,468)	-	-
Total public support and revenues	16,623,870	118,693	16,742,563	15,436,744
Expenses and Losses				
Program services expense				
Alpine Academy				
Mountain View Campus	7,893,709	-	7,893,709	7,306,020
Lakeview Campus	2,829,719	-	2,829,719	2,116,129
Treatment Foster Care	1,038,908	-	1,038,908	1,038,490
Families First	2,768,945	-	2,768,945	2,568,918
Mentoring	184,418	-	184,418	125,283
Families First Dissemination Services	33,235	-	33,235	6,463
Smarter Parenting	322,307	-	322,307	464,446
Total program expenses	15,071,241	-	15,071,241	13,625,749
Supporting services expense				
Management and general	1,373,764	-	1,373,764	1,407,641
Fundraising and development	290,588	-	290,588	328,123
Total supporting services expenses	1,664,352	-	1,664,352	1,735,764
Total expenses and losses	16,735,593	-	16,735,593	15,361,513
Change in net assets attributable to discontinued operations	-	-	-	(86,436)
Gain on sale of assets attributable to discontinued operations	-	-	-	2,453,185
Change in Net Assets	(111,723)	118,693	6,970	2,441,980
Net Assets, Beginning of Year	15,822,962	6,881,720	22,704,682	20,262,702
Net Assets, End of Year	\$ 15,711,239	\$ 7,000,413	\$ 22,711,652	\$ 22,704,682

Utah Youth Village, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023
(With summarized financial information for the year ended June 30, 2022)

	Program Services								Supporting Services			2023 Total Expenses	2022 Total Expenses
	Alpine Academy		Treatment	Families	Families First		Smarter Parenting	Total	Management	Fundraising	Total		
	Mountain View Campus	Lakeview Campus	Foster Care	First	Mentoring	Dissemination Services			and General	and Development			
Salaries and wages	\$ 4,290,686	\$ 1,325,500	\$ 277,806	\$ 1,850,304	\$ 127,302	\$ 12,597	\$ 93,086	\$ 7,977,281	\$ 797,054	\$ 180,251	\$ 977,305	\$ 8,954,586	\$ 8,291,742
Employee benefits	689,173	268,585	45,806	362,190	21,863	3,334	36,680	1,427,631	181,184	31,846	213,030	1,640,661	1,625,043
Payroll taxes	430,789	128,539	21,762	150,020	7,694	1,097	7,393	747,294	57,240	13,049	70,289	817,583	682,682
Professional fees	337,869	120,578	46,677	10,761	144	2,804	62,694	581,527	96,779	6,094	102,873	684,400	684,283
Payments to treatment parents	-	-	530,848	-	-	-	-	530,848	-	-	-	530,848	470,194
Supplies	119,776	48,061	1,245	8,604	241	1,108	254	179,289	1,888	11,407	13,295	192,584	165,541
Youth reinforcers	33,693	7,921	3,444	9,405	91	-	-	54,554	-	815	815	55,369	60,457
Youth travel	2,163	750	-	-	-	-	-	2,913	-	-	-	2,913	3,794
Youth entertainment	24,010	8,060	347	718	408	-	-	33,543	-	-	-	33,543	42,062
Food	311,792	91,599	3,550	15,863	883	1,554	213	425,454	6,315	24,850	31,165	456,619	402,882
Conferences and workshops	32,320	10,141	2,553	3,921	368	-	-	49,303	914	261	1,175	50,478	47,504
Vehicle and travel	133,770	50,949	16,880	256,636	20,497	8,153	401	487,286	7,576	8,790	16,366	503,652	365,423
Printing and publications	4,378	6,033	5	486	(2)	1,569	105	12,574	1,650	10,699	12,349	24,923	23,937
Telephone	44,660	12,506	4,555	31,722	973	161	1,402	95,979	4,526	1,501	6,027	102,006	112,715
Utilities	97,663	52,078	1,816	4,297	395	-	197	156,446	7,014	1,383	8,397	164,843	118,992
Purchase of small equipment	89,407	35,261	6,947	15,770	3,507	858	3,689	155,439	27,258	13,831	41,089	196,528	167,017
Building and equipment maintenance	187,706	75,788	1,786	4,849	446	-	224	270,799	8,145	1,556	9,701	280,500	196,982
Building lease	-	-	-	1,500	-	-	-	1,500	23,083	-	23,083	24,583	44,220
Insurance	370,386	121,731	39,184	28,577	-	-	3,316	563,194	35,360	3,020	38,380	601,574	539,194
Postage	4,729	1,614	206	442	43	-	56	7,090	911	498	1,409	8,499	13,632
Bank charges	4,757	1,173	-	-	-	-	-	5,930	86,478	-	86,478	92,408	53,066
Advertising	35,170	10,162	25,200	1,757	-	-	110,284	182,573	2,112	-	2,112	184,685	173,386
Interest	224,292	133,556	-	-	-	-	-	357,848	10,450	-	10,450	368,298	383,035
Grants and awards	-	-	-	-	-	-	-	-	-	-	-	-	938
Bad debts (recoveries)	(72,419)	2,606	(124)	2,757	(1,712)	-	-	(68,892)	3,866	-	3,866	(65,026)	15,497
Dues, fees and licenses	25,794	14,146	6,498	2,540	831	-	892	50,701	1,306	1,760	3,066	53,767	43,968
Depreciation of buildings and equipment	471,145	302,382	1,917	5,826	446	-	1,421	783,137	12,655	1,657	14,312	797,449	648,641
Total expenses by function	7,893,709	2,829,719	1,038,908	2,768,945	184,418	33,235	322,307	15,071,241	1,373,764	313,268	1,687,032	16,758,273	15,376,827
Less expenses included with revenues on the statement of activities													
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	(22,680)	(22,680)	(22,680)	(15,314)
Total expenses included in the expense section on the statement of activities	\$ 7,893,709	\$ 2,829,719	\$ 1,038,908	\$ 2,768,945	\$ 184,418	\$ 33,235	\$ 322,307	\$ 15,071,241	\$ 1,373,764	\$ 290,588	\$ 1,664,352	\$ 16,735,593	\$ 15,361,513

Utah Youth Village, Inc.

Statement of Cash Flows

Years Ended June 30, 2023

(With summarized financial information for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 6,970	\$ 2,441,980
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	797,449	648,641
Depreciation attributable to discontinued operations	-	28,051
Gain on sale of property and equipment	(16,733)	(28,110)
Gain on sale of assets attributable to discontinued operations	-	(2,453,185)
Unrealized losses on operating investments	-	100
Change in fair value of charitable trust held by others	(308,400)	(333,071)
Interest expense attributable to amortization of debt issuance costs	4,230	4,230
Changes in operating assets and liabilities		
Accounts receivable, net	(3,934)	758,483
Promises to give, net	180,141	243,716
Other receivables	(980)	8,403
Prepaid expenses	(37,548)	6,741
Accounts payable	(10,585)	(43,386)
Unearned revenues	(8,862)	(25,986)
Accrued payroll and related expenses	115,605	38,172
Other accrued expenses	(1,509)	(3,900)
Net Cash from Operating Activities	<u>715,844</u>	<u>1,290,879</u>
Cash Flows from Investing Activities		
Proceeds from sales of property and equipment	23,500	3,330,099
Purchase of property held for future development and sale	(16,782)	-
Purchases of property and equipment	(1,154,665)	(2,436,919)
Net Cash from (used for) Investing Activities	<u>(1,147,947)</u>	<u>893,180</u>
Cash Flows from Financing Activities		
Principal payments of note payable	(189,631)	(180,172)
Net Cash used for Financing Activities	<u>(189,631)</u>	<u>(180,172)</u>
Net Change in Cash and Cash Equivalents	(621,734)	2,003,887
Cash and Cash Equivalents, Beginning of Year	<u>6,390,010</u>	<u>4,386,123</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,768,276</u>	<u>\$ 6,390,010</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest to third parties	<u>\$ 209,859</u>	<u>\$ 219,239</u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization and Nature of Operations

Utah Youth Village, Inc. (Utah Youth Village) is a Utah nonprofit corporation. The mission of Utah Youth Village is to heal and elevate lives through proven family solutions.

All treatment is based on the highly researched, evidence-based Teaching-Family Model, which teaches parents or surrogate parents like foster parents how to make changes effectively and humanely with individuals facing emotional and behavioral challenges. In Utah Youth Village's Families First and Smarter Parenting programs the components of the Teaching-Family Model are shared with parents in their own homes to help them help their children.

Through support from governmental contracts, private placements and donations, Utah Youth Village provides the following treatment facilities and services:

- Alpine Academy, located in Tooele County, is a fully accredited therapeutic boarding school with two campuses which are approximately three miles apart and provide academic and therapeutic support to youth from all around the United States. The award-winning Mountain View Campus has been in operation since 2001 and provides services to adolescents assigned female at birth. The new Lakeview Campus provides these services to adolescents assigned male at birth and officially opened for business in July of 2020. Both campuses are licensed as residential treatment facilities and utilize the evidence-based Teaching Family Model. The dedicated team of licensed therapists, academic staff and treatment staff use this model to train the students and their families back home how to better deal with challenging life circumstances in a family style environment which provides a nurturing, individualized and strength-based treatment setting. In addition to the therapeutic environment, the Alpine team provides comprehensive academic services that are designed to help improve each student's academic self-esteem and help them get back on track to be successful at home or in college.
- Treatment Foster parents live in their own personal homes and are licensed and trained with Utah Youth Village to provide treatment to youth between the ages of 0-21. The Treatment Parents in these homes are highly trained and closely supervised by a program consultant. They learn to use behavioral techniques and a structured program in their home to help foster children. Treatment Parents work closely with biological parents, schools, caseworkers, therapists, courts, and others who are involved with the foster youth. Youth are referred to Treatment Foster homes by a variety of social service agencies, with the Utah Division of Child and Family Services being the primary referral source. The youth referred are in need of a very structured setting as most of them have failed previous placements in less structured foster homes. The most common referral behaviors are school attendance and behavioral problems, authority conflicts, peer problems, anger/aggression control problems, sexual or physical abuse, neglect, running away, attention deficit or hyperactivity problems, and substance abuse. Treatment in foster care regularly helps youth successfully return to biological families, be placed with adoptive families, or moved to lower level of care foster homes.

- The Families First program is a unique in-home intervention for youth and families experiencing challenging life circumstances throughout Utah. Specialists, who are highly trained in the Teaching Family Model, go into the home and ally with parents, teaching them impactful parenting skills so they can successfully guide their children through the evidence-based program. This program allows families to avoid the disruption of foster care, detention or psychiatric hospitalization. During the year, the Families First team helped 380 families and thousands of individuals in every county in Utah.
- Mentors work with youth throughout Utah who are either in the custody of a state agency or living with family in the community. Most youth are referred by the state Department of Human Services. Mentors do a wide variety of things, such as tutoring youth with academic needs, driving youth to important appointments when a guardian can't, reminding youth of previously acquired skills to help them deal with everyday situations, and spending time just having fun while youth learn relationship building skills. Mentors help youth in as many ways as caseworkers see a need and make requests, and mentors provide a positive influence in the lives of many youth daily. Having a mentor is an opportunity for at risk youth to have another caring adult in their lives, and as we know, every youth is just one caring adult away from being a success.
- Families First Dissemination is a program created to train, certify and support other agencies in the replication and implementation of our Families First program. In June of 2022, the Title IV-E Prevention Services Clearinghouse rated Utah Youth Village's in-home services program, called Families First, as well-supported. This finding means that the Federal Government will reimburse a state 50% of the cost to provide Families First services by any agency or program that is "certified" to use it. During the fiscal year we were able to offer these services to one agency. Additional agencies have also expressed interest in these services.
- Smarter Parenting is an extensive online resource where parents can learn effective, concrete, proven parenting skills included in the Teaching Family Model. The Smarter Parenting website offers voluminous amounts of supportive resources which parents from all backgrounds can regularly make use of in order to achieve their specific parenting goals. Along with the website, Smarter Parenting also offers over 150 downloadable podcasts; a popular YouTube channel with an extensive menu of parental tutorial videos, customized online coaching sessions with trained clinicians and individualized behavioral plans. Since its creation in 2012, the resources provided by the Smarter Parenting team have impacted parents worldwide. Utah Youth Village has a registered national trademark on the name Smarter Parenting.

Utah Youth Village administers the Children's Perpetual Assistance Fund (CPAF), an endowment established to generate funds to support the Families First Program. The principal amount of contributions to the CPAF is maintained in perpetuity, while the earnings are used for the Families First Program.

Summarized Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with Utah Youth Village's audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due from the Utah Department of Human Services, the State of Utah Third and Fourth District Juvenile Courts, individuals, third party payers and other contract sources. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2023, the allowance was \$125,000.

Promises to Give

Utah Youth Village records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give, expected to be collected in future years, are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2023, Utah Youth Village had not recorded an allowance because all promises to give were deemed collectible.

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2023.

Beneficial Interests in Charitable Trust Held by Others

Utah Youth Village has been named as an irrevocable beneficiary of two charitable trusts held and administered by a majority of independent and unrelated trustees as designated by the donors.

The terms of one of the trusts requires Utah Youth Village to designate a trustee to participate as one of five trustees. The president of Utah Youth Village currently serves in that position. As a matter of practice, the other charitable support trust invites individuals representing the various charities to which it makes donations to rotate as one of five trustees on that Charitable Support Trust.

These trusts entitle Utah Youth Village only to the distribution of dividends made annually from the corporation owned by the original donors, if and when dividends are distributed. Corporate documents restricting the ownership of shares of the corporation make it impossible for Utah Youth Village to ever receive anything other than the distribution of dividends when or if they are distributed. The charitable support trusts were created independently by donors and are administered by outside agents or trustees, except to the extent noted above.

At the date Utah Youth Village receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statement of activities, and a beneficial interest in charitable trusts held by others is recorded in the statement of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statement of financial position, with changes in fair value recognized in the statement of activities.

Upon receipt of trust distributions or expenditures in satisfaction of the donor-imposed restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to Utah Youth Village, in which case, net assets with donor-restrictions are not released. The change in the fair value of Utah Youth Village's beneficial interest in the trust for the year ended June 30, 2023, was \$308,400.

Investments in Equity Securities

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in change in net assets. Investments in equity securities without readily determinable fair values are measured at cost minus impairment (if any) and adjusted for any observable price changes in orderly transactions of identical securities or similar securities of the same issuer. Investments in equity securities without readily determinable fair values are considered annually for indicators of impairment. There were no impairment indicators for the year ended June 30, 2023. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Certain unrestricted net assets have been designated by Utah Youth Village’s Board of Trustees (the Board) for various purposes. These net assets therefore cannot be used for payment of program expenses. Net assets have also been designated for an endowment, the income from which may be used to support programs, but until the designation is changed by the Board, the net assets in the endowment may not be used for payment of program expenses. The Board has also designated certain net assets for Alpine Academy II and for the CPAF and the Families First Program.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Utah Youth Village reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets with donor restrictions consist of donations received with stipulations that they be used in support of the Alpine Academy, Families First, scholarships, and other programs. Certain contributions have been restricted by donors for the CPAF. The restrictions stipulate that resources be maintained in perpetuity but permit Utah Youth Village to expend the income generated in accordance with the provisions of the agreements for the Families First Program.

Revenue and Revenue Recognition

Revenue from governmental agencies for services is recognized over time as the performance obligation is met. The performance obligation is met monthly as services including room and board are provided. Utah Youth Village records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of Utah Youth Village’s revenue is derived from cost-reimbursable federal and state contracts and grants which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Utah Youth Village has incurred expenditures in compliance with specific contract or grant provisions.

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Utah Youth Village did not have any refundable advances related to these contracts as of June 30, 2023.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received (Note 15).

Utah Youth Village's policy is to sell contributed assets immediately upon receipt unless the asset is restricted for use in a specific program by the donor.

Advertising Costs

Advertising costs are expensed as incurred, and totaled \$184,685 during the year ended June 30, 2023.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include building lease and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional fees, payments to treatment parents, supplies, youth reinforcers, travel, entertainment, food, conferences, vehicle, travel, printing, utilities, small equipment, building and equipment maintenance, insurance, postage, bank charges, advertising, interest, bad debt, dues, fees and licensing, which are allocated on the basis of estimates of time and effort.

Income Taxes

Utah Youth Village is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction, and have been determined not to be private foundations. Utah Youth Village is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Utah Youth Village is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Utah Youth Village files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for unrelated business income related to the development and sale of property and the water system discussed in Note 8. There was no tax due as the entity recorded a loss on these activities.

Utah Youth Village believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Utah Youth Village would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may include uninsured investments in money market mutual funds. Utah Youth Village maintains its cash in various bank deposit accounts which may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2023, Utah Youth Village had \$5,689,950, in excess of FDIC-insured limits. To date, Utah Youth Village has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of Utah Youth Village's mission. Investments are made by the management and the Investment Committee of the Board of Trustees whose performance is monitored by the Executive Committee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of Utah Youth Village.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net assets.

Subsequent Events

Subsequent events have been evaluated through October 23, 2023, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2023:

Cash and cash equivalents	\$ 4,234,100
Accounts receivable, net	688,293
Other receivables	13,589
Promises to give	90,000
Endowment spending-rate distributions and appropriations	132,724
	\$ 5,158,706

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Note 3 - Fair Value Measurements and Disclosures

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

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

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

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

Level 3 – Unobservable inputs for the asset or liability. In these situations, Utah Youth Village develops inputs using the best information available in the circumstances.

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

The following table presents assets measured at fair value on a recurring basis at June 30, 2023:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in charitable trust held by others	\$ 2,917,459	\$ -	\$ -	\$ 2,917,459
Investments	81	81	-	-
	\$ 2,917,540	\$ 81	\$ -	\$ 2,917,459

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

Significant Unobservable Inputs (Level 3)

Balance at June 30, 2022	\$ 2,609,059
Change in fair value of charitable trust held by others	308,400
Balance at June 30, 2023	\$ 2,917,459

Note 4 - Promises to Give

Net unconditional promises to give are estimated to be collected as follows at June 30, 2023:

Within one year	\$ 90,000
In one to five years	320,000
In six to nine years	42,500
	452,500
Less discount to net present value at rates from 2.84% to 3.15%	(98,876)
	\$ 353,624

Promises to give have been distinguished between contributions received for each net asset class in accordance with donor-imposed restrictions. Utah Youth Village's policy is to discount promises to give that will be received in more than one year to their present value using applicable discount rates.

Note 5 - Other Receivables

Utah Youth Village had other receivables which included the following at June 30, 2023:

Sales tax receivable	\$ 8,446
Deposits	5,143
	13,589
Total	\$ 13,589

Note 6 - Property and Equipment

Property and equipment consisted of the following at June 30, 2023:

Land	\$ 1,542,195
Buildings and improvements	11,672,613
Development costs	878,520
Furniture, fixtures, and equipment	1,465,794
Vehicles	722,456
Construction in progress	9,563,865
	25,845,443
Less accumulated depreciation and amortization	(8,695,530)
	\$ 17,149,913

Construction in progress consists of improvements to land and construction costs for Alpine Academy II, a second Alpine Academy campus to address the needs of adolescents assigned male at birth with challenges of depression and anxiety. Utah Youth Village anticipates completion of the Academy in four phases:

- Phase One: Construct two group homes, the main school building, the pavilion, the riding arena/hay barn, the soccer field and the footings/foundations of the garage.
- Phase Two: Construct two additional group homes, complete the landscaping around those homes and install the fencing for the pasture.
- Phase Three: Construct the final two group homes and the garage.
- Phase Four: Construct a fitness/arts center and complete the landscaping for the rest of the campus.

The original estimate for the total project was \$16.5 million. Due to the current economic and inflationary volatility, we expect that this cost will be more. Construction costs are being financed through receipt of pledges and other donor contributions.

Note 7 - Property and Improvements Held for Future Development and Sale

Property and improvements held for future development and sale consist of land, and land improvements. In 2016, Utah Youth Village acquired land for development of Alpine Academy II, a residential treatment facility for troubled teenagers. In addition to development of the Academy, Utah Youth Village planned to sell some of the land and developed property. During 2018 and 2019, Utah Youth Village completed various improvements including a water system. During the year ended June 30, 2019, Utah Youth Village sold a portion of the water system and transferred the remaining portion to Meadowbrook Water Users Association, Inc, in exchange for shares of class A, class B and class D water shares as discussed in Note 8.

Note 8 - Investment in Association

During the year ended June 30, 2019, Utah Youth Village transferred water rights and a water system with a cost of \$1,495,495 to the Meadowbrook Water Users Association (MWUA). In exchange, Utah Youth Village received 31 class A shares, 3 class B shares and 30 class D shares in MWUA. During the year ended June 30, 2022, Utah Youth Village transferred 18 shares to purchasers of 9 lots in the Meadowbrook subdivision. One additional sale consisting of 2 class A shares occurred during the year ended June 30, 2020. Changes in the shares of Meadowbrook Water Users Association for the year ended June 30, 2023, were as follows:

	Class A Residential	Class B Commercial	Class D Irrigation
Beginning balance - June 30, 2022	11	3	30
Sold	-	-	-
Ending Balance - June 30, 2023	11	3	30

The investment is accounted for as an equity security. At June 30, 2023, the investment is recorded at \$792,350, which is the cost minus impairment (if any) and adjusted for any observable price changes in orderly transactions of identical securities or similar securities of the same issuer.

Note 9 - Children's Perpetual Assistance Fund

As described in Note 1, Utah Youth Village's endowment consists of funds established by donors to provide annual funding for the Children's Perpetual Assistance Fund (CPAF), wherein the earnings of CPAF are required to be used for the operation of the Families First Program. CPAF also includes certain net assets without donor restrictions designated for endowment by the Board of Trustees. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Utah Youth Village's Board of Trustees has interpreted the Utah Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary.

At June 30, 2023, there were no such donor stipulations. As a result of this interpretation, Utah Youth Village classifies as net assets with donor restrictions (a) the original value of gifts donated to CPAF, (b) the original value of subsequent gifts donated to CPAF (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to CPAF made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. In addition, the portion of the endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Utah Youth Village in a manner consistent with the standard of prudence prescribed by UPMIFA.

Utah Youth Village considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of June 30, 2023, Utah Youth Village had the following endowment net asset composition by net asset type:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 463,907	\$ -	\$ 463,907
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,825,285	2,825,285
CPAF earnings for Families First	-	132,724	132,724
	<u>\$ 463,907</u>	<u>\$ 2,958,009</u>	<u>\$ 3,421,916</u>

Investment and Policies

Utah Youth Village has adopted investment and spending policies for CPAF that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of CPAF assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of CPAF assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing CPAF investments. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek maintenance of principal over time. Utah Youth Village considers the earnings available for use in the Families First Program each year. In establishing this policy, Utah Youth Village considered the long-term expected return on the CPAF and set the rate with the objective of maintaining the purchasing power of CPAF over time.

Changes in CPAF endowment net assets for the year ended June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
CPAF Endowment net assets, beginning of year	\$ 464,354	\$ 2,964,679	\$ 3,429,033
Investment return			
Interest	23,955	135,500	159,455
	<u>23,955</u>	<u>135,500</u>	<u>159,455</u>
Distributions			
Appropriation of endowment assets pursuant to spending policy	(24,402)	(142,170)	(166,572)
CPAF Endowment net assets, end of year	<u>\$ 463,907</u>	<u>\$ 2,958,009</u>	<u>\$ 3,421,916</u>

During the year ended June 30, 2004, Utah Youth Village received an initial donation of \$2,248,217 for the CPAF. Utah Youth Village subsequently obtained verbal agreement and approval from the donor's family to invest the proceeds from the donation in the Alpine Academy real estate, which is a net asset without donor restriction of Utah Youth Village. This agreement has allowed Utah Youth Village to fund a substantial portion of the purchase and construction of the Alpine Academy. Under the terms of the loan agreement between Utah Youth Village's net assets without donor restriction and CPAF, Utah Youth Village is obligated to use net assets without donor restrictions to repay the amount borrowed from the endowment fund plus interest at 6% over the 30-year term of the loan. This transaction was designed to ensure the principal amount of the donation is invested to benefit the Families First Program as stipulated by the donor under the terms of the CPAF. Accordingly, interest income on the amount borrowed can be used only in the Families First Program. Interest paid from net assets without donor restrictions is recognized in investment return on net assets with donor restriction. The principal amount borrowed to construct a portion of the Alpine Academy is being paid from net assets without donor restriction to net assets with donor restrictions of Utah Youth Village.

During the year ended June 30, 2017, Utah Youth Village consulted donors who had made contributions to the CPAF and scholarships funds and obtained verbal agreements to enter into an agreement similar to the one described in the paragraph above. As a result, an additional \$549,887 of net assets with donor restrictions were invested in the Alpine Academy. Under the terms of the loan agreement between Utah Youth Village's net assets without donor restrictions and CPAF, Utah Youth Village is obligated to use net assets without donor restrictions to repay the amount borrowed from the net assets with donor restrictions endowment fund plus interest at 6% over the 30-year term of the loan. This transaction was designed to ensure the principal amount of the donations are invested to benefit the CPAF and Scholarship programs, as originally intended by the donors. Accordingly, interest income on the amount borrowed will be used only in the Families First and Scholarship Programs. Interest paid from net assets without donor restrictions is recognized in investment return on net assets with donor restrictions.

The principal amount borrowed to construct a portion of the Alpine Academy II is being paid from net assets without donor restrictions to net assets with donor restrictions of Utah Youth Village.

The total that must be transferred from net assets without donor restrictions to net assets with donor restrictions endowment funds as of June 30, 2023, and changes during the year then ended were as follows:

Balance as of June 30, 2022	\$ 2,310,790
Principal payments from net assets without donor restrictions	<u>(115,717)</u>
Balance as of June 30, 2023	<u><u>\$ 2,195,073</u></u>

Future changes from transfers from net assets without donor restrictions to net assets with donor restrictions endowment funds and the related future interest are reflected in the following table:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 122,852	\$ 128,363	\$ 251,215
2025	130,430	120,786	251,216
2026	138,474	112,741	251,215
2027	147,015	104,200	251,215
2028	155,984	95,887	251,871
Thereafter	<u>1,500,318</u>	<u>552,913</u>	<u>2,053,231</u>
	<u>\$ 2,195,073</u>	<u>\$ 1,114,890</u>	<u>\$ 3,309,963</u>

Note 10 - Notes Payable

Notes payable consisted of the following at June 30, 2023:

Note payable to a bank; interest rate based on 7-year LIBOR plus 2.2% (8.2% as of June 30, 2023); monthly payments of \$33,479, with a final balloon payment of \$3,830,140 due January 1, 2025. Net of unamortized debt issuance costs of \$10,577 with effective interest rate of 5.1%.

\$ 3,990,689

Future maturities of notes payable are as follows:

<u>Years Ending June 30,</u>	
2024	\$ 201,898
2025	3,795,138
Unamortized debt issuance costs	<u>(6,347)</u>
	<u>\$ 3,990,689</u>

Note 11 - Leases

Utah Youth Village leased office space under an operating lease that expired in January 2023. Rent expense for the year ended June 30, 2023, totaled \$24,583.

Note 12 - Net Assets

Net assets designated by the Board for certain purposes and those with donor restrictions are presented on the accompanying statement of financial position.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2023:

Satisfaction of purpose restrictions		
Alpine Academy II construction	\$	386,942
Other		485,749
Endowment spending-rate distributions and appropriations		
Earnings on CPAF for Families First		142,170
Earnings on CPAF for Scholarships		16,607
		1,031,468
	\$	1,031,468

Note 13 - Contract Revenue

Utah Youth Village has contracts with the Utah Department of Human Services, the State of Utah Judicial branch and various other mental health agencies including agencies and school districts from other states. These contracts are for the purpose of providing residential, mental health and educational services, training and consultation to Treatment Foster Care Homes and intervention directly for troubled youth and their families. A majority of the contracts designate Utah Youth Village as a service provider allowing for reimbursement of expenses related to providing the services under the contracts.

Note 14 - Economic Dependency

During the year ended June 30, 2023, Utah Youth Village received approximately 62% of its revenue without donor restrictions from governmental grants and service contracts. Utah Youth Village has been and is continuing to seek new sources of funding to support its programs and activities. The loss of support from any major source of funds could have an adverse effect on Utah Youth Village's programs and activities.

Note 15 - Donated Professional Services and Materials

Donated professional services and materials are as follows during the year ended June 30, 2023.

	Program Services	Management and General	Total
Accounting services	\$ -	\$ 4,200	\$ 4,200
Gift cards and other	10,199	-	10,199
Advertising services	109,484	-	109,484
	\$ 119,683	\$ 4,200	\$ 123,883

Contributed accounting services are comprised of professional services from accountants assisting Utah Youth Village in audit and tax work. Contributed advertising consist of professional services to assist with general marketing and development within Utah Youth Village. The contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services. Contributed gift cards and other were utilized in Utah Youth Village's programs. Utah Youth Village estimated the fair value based on estimates of values that would be received for selling similar products in the United States.

Note 16 - Employee Benefits

Utah Youth Village has a profit-sharing plan (the Plan) under which it contributes 3% of eligible employees' compensation to the Plan. In addition, Utah Youth Village may contribute an additional amount determined by Utah Youth Village at its sole discretion. The employer contribution under this Plan for the year ended June 30, 2023, was \$523,226 which is included in employee benefits in the statement of functional expenses.

Note 17 - Related Party Transactions

During the year ended June 30, 2023, Utah Youth Village incurred expenses for the construction of its Alpine Academy II campus totaling \$1,776,841, from a company affiliated with a Board member. As of June 30, 2023, there was still amounts payable totaling \$14,570.

Also, during the year ended June 30, 2019, Utah Youth Village received unconditional pledges from board members in the amount of \$1,150,000. Total payments on these pledges were \$92,500 for the year ended June 30, 2023, and, as of June 30, 2023, the outstanding amount of these promises to give is \$452,500, gross of any discount.

Note 18 - Discontinued Operations

Due to declining referrals, during the year ended June 30, 2021, management and the Board of Trustees made the strategic decision to close Utah Youth Village's residential group homes. This includes the Lila Home, the Kearns Home, the Sorenson Home, the West Jordan Home, and the Raymond Home. Utah Youth Village sold the related real estate during the year ended June 30, 2022 and will have no further continuing involvement with the residential group homes.