



Financial Statements
June 30, 2020

Utah Youth Village, Inc.
(With Comparative Totals for 2019)

Independent Auditor’s Report 1

Financial Statements

 Statement of Financial Position 3

 Statement of Activities..... 4

 Statement of Functional Expenses..... 6

 Statement of Cash Flows 8

 Notes to Financial Statements 10



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Utah Youth Village, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Youth Village, Inc. as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Utah Youth Village, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2019. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Salt Lake City, Utah
October 27, 2020

Utah Youth Village, Inc.
Statement of Financial Position
June 30, 2020

(With summarized financial information as of June 30, 2019)

	2020	2019
Assets		
Cash and cash equivalents	\$ 5,150,327	\$ 7,246,084
Investments	401	40
Accounts receivable, net	1,162,094	1,324,188
Other receivables	18,054	12,054
Prepaid expenses	196,549	190,497
Promises to give, net	1,597,107	2,087,177
Beneficial interest in charitable trust held by others	2,275,988	2,337,668
Investment in Meadowbrook Water Users Association	792,350	862,664
Property and equipment, net	15,373,264	11,119,149
Property and improvements held for future development and sale	170,578	298,192
	\$ 26,736,712	\$ 25,477,713
Liabilities and Net Assets		
Accounts payable	\$ 478,450	\$ 550,219
Unearned revenues	372,657	259,302
Accrued payroll and related expenses	655,200	504,370
Other accrued expenses	5,221	4,744
Notes payable, net of unamortized debt issuance costs	4,518,845	4,676,390
Paycheck Protection Program Loan	2,052,100	-
	8,082,473	5,995,025
Net Assets		
Without donor restrictions		
Undesignated	77,082	750,136
Property and equipment, net of related debt	11,024,997	6,740,951
Board Designated		
Capital improvements	-	30,000
Alpine Academy II Construction	-	2,221,946
Board designated endowment for		
Alpine Academy II	439,952	439,952
Families First	25,220	25,593
With donor restrictions		
CPAF earnings for Families First	151,595	157,170
Scholarship	75,264	69,420
Alpine Academy II	1,746,755	3,824,526
Smarter Parenting	-	50,000
Other	12,100	10,040
Tanner endowment	2,275,988	2,337,668
Children's Perpetual Assistance Fund	2,825,286	2,825,286
	18,654,239	19,482,688
	\$ 26,736,712	\$ 25,477,713

Utah Youth Village, Inc.

Statement of Activities

Year Ended June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Public Support				
Contributions	\$ 542,194	\$ 521,629	\$ 1,063,823	\$ 5,451,708
Revenues				
Utah Department of Human Services	3,479,081	-	3,479,081	3,737,140
Other agencies and organizations	5,505,209	-	5,505,209	6,104,901
Private placement	4,696,821	-	4,696,821	4,188,796
Change in fair value of charitable trust held by others	-	(61,680)	(61,680)	12,336
Gain on sale of property and equipment	8,136	-	8,136	15,482
Net investment return	361	-	361	-
Interest income	65,773	154,518	220,291	222,623
Other income	8,710	-	8,710	8,597
Gross special events revenue	25,200	-	25,200	16,800
Less cost of direct benefits to donors	(24,458)	-	(24,458)	(21,116)
Net special events revenue	742	-	742	(4,316)
Total revenues	13,764,833	92,838	13,857,671	14,285,559
Net assets released from restrictions	2,801,589	(2,801,589)	-	-
Total public support and revenues	17,108,616	(2,187,122)	14,921,494	19,737,267
Expenses and Losses				
Program services expense				
Residential Treatment Centers				
Lila Home	411,907	-	411,907	388,206
Kearns Home	257,056	-	257,056	407,640
Sorenson Home	427,868	-	427,868	418,414
West Jordan Home	423,613	-	423,613	377,061
Raymond Home	402,112	-	402,112	492,498
Alpine Academy - Gene Smith Home	1,076,086	-	1,076,086	1,092,774
Alpine Academy - Pine Canyon	1,131,778	-	1,131,778	1,062,971
Alpine Academy - Willow Creek	1,077,133	-	1,077,133	1,039,408
Alpine Academy - Oakridge	1,096,615	-	1,096,615	1,033,719
Alpine Academy - Cottonwood Grove	1,070,011	-	1,070,011	1,100,806
Alpine Academy - Mountain Birch	1,191,483	-	1,191,483	1,180,259
Alpine Academy - Aspire	1,126,624	-	1,126,624	1,085,642
Alpine Academy - Cedar Creek	2,832	-	2,832	-
Alpine Academy - Boulder Ridge	4,315	-	4,315	-
Treatment Foster Care	1,150,143	-	1,150,143	1,352,515
Families First	2,813,237	-	2,813,237	2,606,552
Child Issues	12,269	-	12,269	16,621
Smarter Parenting	499,295	-	499,295	437,270
Total program expenses	14,174,377	-	14,174,377	14,092,356

Utah Youth Village, Inc.

Statement of Activities

Year Ended June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Supporting services expense				
Management and general	\$ 1,224,649	\$ -	\$ 1,224,649	\$ 1,158,978
Fundraising and development	291,430	-	291,430	331,320
Total supporting services expenses	1,516,079	-	1,516,079	1,490,298
Loss on sale of property, and improvements held for development and of investment in water users association	59,487	-	59,487	427,551
Total expenses and losses	15,749,943	-	15,749,943	16,010,205
Change in Net Assets	1,358,673	(2,187,122)	(828,449)	3,727,062
Net Assets, Beginning of Year	10,208,578	9,274,110	19,482,688	15,755,626
Net Assets, End of Year	\$ 11,567,251	\$ 7,086,988	\$ 18,654,239	\$ 19,482,688

Utah Youth Village, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

	Program Services											
	Lila Home	Kearns Home	Sorenson Home	West Jordan Home	Raymond Home	Alpine Academy						
						Gene Smith Home	Pine Canyon	Willow Creek	Oakridge	Cottonwood Grove	Mountain Birch	Aspire
Salaries and wages	\$ 236,186	\$ 146,292	\$ 248,030	\$ 245,833	\$ 234,854	\$ 544,220	\$ 577,571	\$ 554,727	\$ 560,358	\$ 545,348	\$ 567,222	\$ 570,816
Employee benefits	36,263	34,825	46,707	43,655	43,189	125,420	130,850	105,476	118,989	126,070	153,101	122,407
Payroll taxes	34,423	14,592	24,191	24,556	24,156	50,616	53,838	51,749	52,338	50,824	51,823	52,095
Professional fees	226	145	136	8,471	221	37,679	46,307	49,623	37,822	36,996	45,219	34,489
Payments to treatment parents	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	6,800	2,216	5,348	4,969	6,000	19,872	22,318	20,814	20,938	20,763	17,394	20,494
Youth reinforcers	6,465	2,875	6,201	5,240	3,127	4,942	5,865	5,166	6,327	4,163	5,473	7,816
Youth travel	50	28	-	-	1	79	114	199	128	88	324	356
Youth entertainment	1,681	1,134	2,296	1,285	1,417	5,724	3,841	3,466	4,252	3,723	4,027	2,825
Food	20,959	9,428	20,537	19,196	14,068	41,908	44,299	49,517	45,145	39,931	41,908	41,699
Conferences and workshops	884	409	951	432	432	6,863	7,382	6,865	7,892	6,969	7,527	7,289
Vehicle and travel	11,522	5,680	10,508	7,472	5,705	17,120	18,078	18,048	17,117	15,629	16,431	18,578
Printing and publications	111	105	235	262	311	1,189	1,189	1,189	1,189	1,189	1,189	1,180
Telephone	2,826	2,595	3,045	2,921	2,711	6,423	7,209	6,422	7,202	7,137	6,753	6,969
Utilities	8,100	7,333	5,926	7,473	7,863	11,706	12,115	11,021	11,171	12,222	11,011	8,778
Purchase of small equipment	4,420	2,408	2,812	2,243	2,729	9,345	9,785	9,089	11,516	8,820	10,104	10,232
Building and equipment maintenance	11,875	6,195	6,536	6,288	10,805	27,043	26,041	22,966	35,251	23,423	32,340	28,547
Building lease	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	13,995	14,627	14,515	14,189	14,469	41,120	44,516	46,112	46,117	45,363	42,398	43,801
Postage	261	119	188	119	135	749	541	585	577	871	597	813
Bank charges	51	(6)	(83)	5	(28)	611	430	424	449	582	1,180	967
Advertising	1,510	525	2,423	2,933	2,175	1,898	2,133	2,839	2,321	1,898	4,619	6,378
Interest	1	-	-	-	10	35,684	35,684	35,684	37,757	37,757	75,536	62,002
Grants and awards	-	-	-	-	-	-	55	-	-	-	-	-
Bad debts (recoveries)	-	(3,300)	-	-	(265)	-	-	-	-	-	-	-
Dues, fees and licenses	1,555	1,635	1,451	1,392	1,400	4,054	4,169	4,055	4,003	4,063	4,123	3,990
Depreciation of buildings and equipment	11,743	7,196	25,915	24,679	26,627	81,821	77,448	71,097	67,756	76,182	91,184	74,103
Total expenses by function	411,907	257,056	427,868	423,613	402,112	1,076,086	1,131,778	1,077,133	1,096,615	1,070,011	1,191,483	1,126,624
Less expenses included with revenues on the statement of activities												
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses included in the expense section on the statement of activities	\$ 411,907	\$ 257,056	\$ 427,868	\$ 423,613	\$ 402,112	\$ 1,076,086	\$ 1,131,778	\$ 1,077,133	\$ 1,096,615	\$ 1,070,011	\$ 1,191,483	\$ 1,126,624

Utah Youth Village, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

	Program Services						Supporting Services			2020 Total Expenses	2019 Total Expenses	
	Alpine Academy		Treatment Foster Care	Families First	Child Issues	Smarter Parenting	Total	Management and General	Fundraising and Development			
	Cedar Creek	Boulder Ridge							Total			Total
Salaries and wages	\$ -	\$ -	\$ 396,132	\$ 1,805,855	\$ 3,167	\$ 235,493	\$ 7,472,104	\$ 757,164	\$ 177,773	\$ 934,937	\$ 8,407,041	\$ 8,049,188
Employee benefits	-	-	58,772	466,378	734	69,631	1,682,467	155,783	25,731	181,514	1,863,981	1,763,771
Payroll taxes	-	-	37,618	159,847	134	21,566	704,366	54,958	21,342	76,300	780,666	720,866
Professional fees	321	321	23,949	677	-	13,395	335,997	129,412	2,672	132,084	468,081	543,521
Payments to treatment parents	-	-	518,497	-	-	-	518,497	-	-	-	518,497	700,225
Supplies	45	45	1,948	10,460	-	387	180,811	3,274	1,840	5,114	185,925	177,750
Youth reinforcers	-	-	9,616	2,019	-	-	75,295	-	53	53	75,348	85,307
Youth travel	-	-	-	-	-	-	1,367	-	-	-	1,367	3,710
Youth entertainment	-	-	31	487	-	-	36,189	-	-	-	36,189	48,652
Food	-	-	3,921	17,383	4	299	410,202	4,423	26,042	30,465	440,667	502,581
Conferences and workshops	-	-	1,984	2,054	13	1,087	59,033	1,881	637	2,518	61,551	83,274
Vehicle and travel	-	-	22,606	203,493	1,308	2,289	391,584	3,153	1,098	4,251	395,835	495,818
Printing and publications	-	-	1,763	3,170	1	36	14,308	459	8,861	9,320	23,628	36,757
Telephone	-	-	4,640	40,110	22	4,365	111,350	6,593	1,144	7,737	119,087	116,435
Utilities	221	113	3,196	1,529	108	1,767	121,653	6,359	1,530	7,889	129,542	136,201
Purchase of small equipment	-	-	7,301	6,948	3	13,205	110,960	18,230	23,535	41,765	152,725	158,912
Building and equipment maintenance	28	28	2,714	954	80	1,597	242,711	5,654	3,873	9,527	252,238	213,090
Building lease	-	-	-	44,220	-	-	44,220	-	-	-	44,220	44,095
Insurance	-	-	37,299	26,767	-	3,293	448,581	28,477	2,583	31,060	479,641	450,464
Postage	6	6	354	862	-	143	6,926	1,091	3,747	4,838	11,764	13,885
Bank charges	-	-	-	-	-	-	4,582	17,151	-	17,151	21,733	22,468
Advertising	111	1,702	5,629	406	-	124,723	164,223	1,323	7,276	8,599	172,822	86,250
Interest	-	-	-	-	-	-	320,115	16,256	348	16,604	336,719	332,910
Grants and awards	-	-	3,121	-	1,000	-	4,176	23	23	46	4,222	8,715
Bad debts (recoveries)	-	-	-	9,400	-	-	5,835	-	-	-	5,835	23,808
Dues, fees and licenses	2,100	2,100	3,423	4,527	5,570	298	53,908	2,041	3,196	5,237	59,145	61,661
Depreciation of buildings and equipment	-	-	5,629	5,691	125	5,721	652,917	10,944	2,584	13,528	666,445	723,456
Total expenses by function	2,832	4,315	1,150,143	2,813,237	12,269	499,295	14,174,377	1,224,649	315,888	1,540,537	15,714,914	15,603,770
Less expenses included with revenues on the statement of activities												
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	(24,458)	(24,458)	(24,458)	(21,116)
Total expenses included in the expense section on the statement of activities	\$ 2,832	\$ 4,315	\$ 1,150,143	\$ 2,813,237	\$ 12,269	\$ 499,295	\$ 14,174,377	\$ 1,224,649	\$ 291,430	\$ 1,516,079	\$ 15,690,456	\$ 15,582,654

See Notes to Financial Statements

Utah Youth Village, Inc.

Statement of Cash Flows

Years Ended June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (828,449)	\$ 3,727,062
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	666,445	723,456
Gain on sale of property and equipment	(8,136)	(15,482)
Loss on sale of property, and improvements held for development and of investment in water users association	59,487	427,551
Net investment return	(361)	-
Change in fair value of charitable trust held by others	61,680	(12,336)
Interest expense attributable to amortization of debt issuance costs	4,230	4,570
Changes in operating assets and liabilities		
Accounts receivable, net	162,094	21,000
Promises to give, net	490,070	(1,993,427)
Other receivables	(6,000)	(1,171)
Prepaid expenses	(6,052)	25,633
Accounts payable	(71,769)	210,317
Unearned revenues	113,355	9,441
Accrued payroll and related expenses	150,830	6,035
Other accrued expenses	477	(748)
Net Cash from Operating Activities	<u>787,901</u>	<u>3,131,901</u>
Cash Flows from Investing Activities		
Proceeds from sales of property and equipment	29,601	16,912
Proceeds from sales of property and improvements held for sale	91,437	1,599,073
Proceeds from sale of investment in water users association	70,314	632,885
Purchase of property held for future development and sale	(23,310)	(1,070,208)
Purchases of property and equipment	<u>(4,942,025)</u>	<u>(325,664)</u>
Net Cash from (used for) Investing Activities	<u>(4,773,983)</u>	<u>852,998</u>

Utah Youth Village, Inc.

Statement of Cash Flows

Years Ended June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Financing Activities		
Payment of capital lease	\$ -	\$ (1,458)
Proceeds from note payable or PPP loan	2,052,100	266,541
Principal payments of note payable	<u>(161,775)</u>	<u>(160,005)</u>
Net Cash from Financing Activities	<u>1,890,325</u>	<u>105,078</u>
Net Change in Cash and Cash Equivalents	(2,095,757)	4,089,977
Cash and Cash Equivalents, Beginning of Year	<u>7,246,084</u>	<u>3,156,107</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,150,327</u>	<u>\$ 7,246,084</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest to third parties	<u>\$ 236,542</u>	<u>\$ 241,748</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activity		
Water rights and system exchanged for investment in Meadowbrook Water User Association	\$ -	\$ 1,495,549
Receivable in lieu of cash for sale of property and land held for development and sale	\$ -	\$ 130,498

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:

- The Village currently operates four Family Homes and approximately 21 treatment foster homes for youth ages 6-18. These youth are referred by the Utah State Division of Human Services and other agencies due to abuse and neglect. After receiving treatment, a vast majority of the youth are able to move to less restrictive settings.
- 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 adolescent females. The new Lakeview Campus provides these services to adolescent males 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, family teachers, 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.
- The Families First program is a unique intensive in-home intervention for youth and families experiencing challenging life circumstances throughout Utah. Village specialists, 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. The Families First team helped 465 families (1,631 individuals) and provided services in every Utah county for the first time in the program's history over the past year.

- 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 100 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 over one million 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.

The financial statements include all of the accounts of Utah Youth Village, and all of its program locations. The following is a summary of significant accounting policies.

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, 2019, 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, endowments that are perpetual in nature, 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, 2020, the allowance was \$81,500.

Promises to Give

Unconditional promises to give, expected to be collected within one year, are recorded 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. Management determines the allowance for uncollectable promises to give 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, 2020, 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.

Utah Youth Village reviews the carrying values of property and equipment 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, 2020.

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. The president of Utah Youth Village currently serves as one of five trustees for that 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, or both, in satisfaction of the donor-imposed restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets for Utah Youth Village 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 decrease in the fair value of Utah Youth Village's beneficial interest in the trust for the year ended June 30, 2020, was \$(61,680).

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, 2020.

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.

The Organization recognizes contributions 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 met.

A portion of the Organization'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 the Organization 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. The Organization did not have any refundable advances related to these contracts as of June 30, 2020.

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 GAAP. 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.

Advertising Costs

Advertising costs are expensed as incurred, and were \$172,822 during the year ended June 30, 2020.

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 occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, 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 under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. 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 their 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 GAAP 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

Utah Youth Village manages deposit concentration risk 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 exceed insured limits or include uninsured investments in money market mutual funds. 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.

Recently Adopted Accounting Standard

As of July 1, 2019, Utah Youth Village adopted the provisions of Accounting Standards Update (ASU) 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This update which affects current U.S. GAAP primarily as it relates to the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. ASU 2016-01 also supersedes the guidance that requires (1) classification of equity securities with readily determinable fair values into different categories (i.e., trading or available-for-sale), and (2) recognition of changes in fair value of available-for-sale securities in other comprehensive income.

The most significant effect resulting from the adoption of the standard is that investments for which fair value is not readily determinable that were previously accounted under the cost method are now recorded 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 was no adjustment to previously recorded amounts as a result of the implementation of this standard.

Contribution Revenue Not Recognized

The Organization was granted a \$2,052,100 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1% in monthly payments commencing in November 15, 2020, principal and interest payments will be required through the maturity date of April 15, 2022.

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:

Cash and cash equivalents	\$ 4,459,279
Accounts receivable, net	1,162,094
Other receivables	18,054
Endowment spending-rate distributions and appropriations	151,595
	\$ 5,791,022

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, 2020:

	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	\$ 2,275,988	\$ -	\$ -	\$ 2,275,988
Investments	401	401	-	-
	<u>\$ 2,276,389</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ 2,275,988</u>

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, 2020:

Fair Value Measurements at Report Date Using
Significant Unobservable Inputs (Level 3)

Balance at June 30, 2019	
Change in fair value of charitable trust held by others	\$ 2,337,668 <u>(61,680)</u>
Balance at June 30, 2020	<u>\$ 2,275,988</u>

Note 4 - Promises to Give

Net unconditional promises to give are estimated to be collected as follows at June 30, 2020:

Within one year	\$	515,000
In one to five years		<u>1,260,000</u>
		<u>1,775,000</u>
Less discount to net present value at rates from 2.62% to 3.15%		<u>(177,893)</u>
	\$	<u><u>1,597,107</u></u>

At June 30, 2020, two donors accounted for 45% of total promises to give. 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, 2020:

Sales tax receivable	\$	11,677
Deposits		<u>6,377</u>
Total	\$	<u><u>18,054</u></u>

Note 6 - Property and Equipment

Property and equipment consists of the following at June 30, 2020:

Land	\$	1,879,343
Buildings and improvements		13,761,551
Development costs		434,169
Furniture, fixtures, and equipment		1,487,350
Vehicles		920,037
Construction in progress		<u>5,546,246</u>
		24,028,696
Less accumulated depreciation and amortization		<u>(8,655,432)</u>
	\$	<u><u>15,373,264</u></u>

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 boys 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 total expected cost of the project is \$16.5 million. The construction is 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 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, 2019, 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, 2020, were as follows:

	Class A Residential	Class B Commercial	Class D Irrigation
Beginning balance - June 30, 2019	13	3	30
Sold	(2)	-	-
Ending Balance - June 30, 2020	11	3	30

The investment is accounted for as an equity security. At June 30, 2020, 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, 2020, 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, 2020, 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	\$ 465,172	\$ -	\$ 465,172
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		2,825,286	2,825,286
CPAF earnings for Families First	-	151,595	151,595
	\$ 465,172	\$ 2,976,881	\$ 3,442,053

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, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
CPAF Endowment net assets, beginning of year	\$ 465,545	\$ 2,982,456	\$ 3,448,001
Investment return			
Interest	25,220	154,518	179,738
	25,220	154,518	179,738
Contributions	-	-	-
Distributions			
Appropriation of endowment assets pursuant to spending policy	(25,593)	(160,093)	(185,686)
CPAF Endowment net assets, end of year	\$ 465,172	\$ 2,976,881	\$ 3,442,053

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, 2020, and changes during the year then ended were as follows:

Balance as of June 30, 2019		\$ 2,619,142
Additional loans made		-
Principal payments from net assets without donor restrictions		(96,698)
		(96,698)
Balance as of June 30, 2020		\$ 2,522,444

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>
2021	\$ 102,662	\$ 148,553	\$ 251,215
2022	108,993	142,222	251,215
2023	115,716	135,499	251,215
2024	122,852	128,363	251,215
2025	130,430	120,785	251,215
Thereafter	1,941,791	797,192	2,738,983
	<u>\$ 2,522,444</u>	<u>\$ 1,472,614</u>	<u>\$ 3,995,058</u>

Note 10 - Notes Payable

Notes payable consist of the following at June 30, 2020:

Note payable to a bank; interest rate based on 7-year LIBOR plus 2.2% (5.100% as of June 30, 2020); 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 \$19,039 with effective interest rate of 5.1%.

\$ 4,518,845

Future maturities of notes payable are as follows:

<u>Years Ending June 30,</u>	
2021	\$ 173,622
2022	182,686
2023	192,224
2024	202,260
2025	3,787,092
Unamortized debt issuance costs	<u>(19,039)</u>
	<u>\$ 4,518,845</u>

Note 11 - Leases

Utah Youth Village leases office space under an operating lease expiring in December 2022.

Future minimum lease payments are as follows:

Years Ending June 30,	Operating Leases
2021	\$ 43,271
2022	44,571
2023	24,592
Total minimum lease payments	\$ 112,434

Rent expense for the year ended June 30, 2020, totaled \$44,220.

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, 2020:

Satisfaction of purpose restrictions	
Alpine Academy II construction	\$ 2,287,702
Smarter Parenting	50,000
Other	18,369
Families First	285,425
Endowment spending-rate distributions and appropriations	
Earnings on CPAF for Families First	160,093
	\$ 2,801,589

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, 2020, Utah Youth Village received approximately 60%, 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 Goods

Donated professional services are as follows during the year ended June 30, 2020.

	Program Services	Management and General	Fundraising and Development	Total
Accounting services	\$ -	\$ 3,500	\$ -	\$ 3,500
Gift cards and other	10,400	-	-	10,400
Advertising services	113,361	-	-	113,361
	<u>\$ 123,761</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 127,261</u>

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, 2020, was \$553,748 which is included in employee benefits in the statement of functional expenses.

Note 17 - Related Party Transactions

During the year ended June 30, 2020, Utah Youth Village purchased website design and online marketing services totaling \$40,550, from companies owned by family members of the Executive Director. 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 \$120,000 for the year ended June 30, 2020, and, as of June 30, 2020, the outstanding amount of these promises to give is \$920,000, gross of any discount. In addition, Utah Youth Village paid \$3,469,807 to an entity that is owned by a member of the Board.

Note 18 - Subsequent Events

Subsequent events have been evaluated through October 27, 2020, the date the financial statements were available to be issued.