

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

CONTENTS

	Page
Independent Auditor's Report	2 - 3
Financial Statements:	
Combined Statements of Financial Position	4 - 5
Combined Statements of Activities	6 - 7
Combined Statements of Functional Expenses	8 - 9
Combined Statements of Cash Flows	10 - 11
Notes to Combined Financial Statements	12 - 27
Supplemental Information:	
Statements of Financial Position - Ranch	28 - 29
Statements of Activities - Ranch	30 - 31
Statements of Functional Expenses - Ranch	32 - 33
Statements of Cash Flows - Ranch	34 - 35



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Special K Ranch, Inc. and
Special K Ranch Foundation, Inc.

We have audited the accompanying financial statements of Special K Ranch, Inc. (a non-profit organization) and Special K Ranch Foundation, Inc. (a non-profit organization) (“the Entities”), which comprise the combined statements of financial position as of September 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Special K Ranch, Inc. and Special K Ranch Foundation, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Special K Ranch, Inc. and Special K Ranch Foundation, 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.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Special K Ranch, Inc. and Special K Ranch Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Special K Ranch, Inc. and Special K Ranch Foundation, 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 the Special K Ranch, Inc. and Special K Ranch Foundation, 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.

Mrachek Popp & Associates, PC

March 11, 2025

Billings, MT

**Special K Ranch, Inc. and
Special K Ranch Foundation, Inc.
Combined Statements of Financial Position
September 30, 2024 and 2023**

ASSETS

	2024	2023
Current Assets		
Cash and cash equivalents	\$ 154,032	\$ 258,885
Accounts receivable	8,571	40,650
Other accounts receivable	110,000	-
Inventory	109,659	80,045
Cash restricted by the Board	586,986	1,561,155
Total Current Assets	969,248	1,940,735
Property and Equipment		
Land and improvements	1,299,149	1,299,149
Resident homes and ranch structures	3,893,781	3,815,756
Ranch equipment	611,039	609,039
Furniture and fixtures	194,634	183,299
Construction in progress	1,483,516	80,419
	7,482,119	5,987,662
Less accumulated depreciation	(3,112,517)	(2,945,481)
Total Property and Equipment	4,369,602	3,042,181
Other Assets		
Foundation investments	5,958,490	5,433,505
Beneficial interest in assets held by others	168,939	102,667
Total Other Assets	6,127,429	5,536,172
Total Assets	\$11,466,279	\$10,519,088

See accompanying notes to combined financial statements.

**Special K Ranch, Inc. and
Special K Ranch Foundation, Inc.
Combined Statements of Financial Position
September 30, 2024 and 2023**

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities		
Accounts payable	\$ 57,204	\$ 266,536
Unearned revenues	-	7,902
Accrued expenses		
Payroll and withholding liabilities	26,351	190,196
Retirement plan	1,815	1,579
Deferred gift annuity payable - current portion	935	935
Total current liabilities	86,305	467,148
Long-term Liabilities		
Deferred gift annuity payable, net of current portion	166,715	160,869
Total Liabilities	253,020	628,017
Net Assets		
Without donor restriction		
Invested in capital assets	4,369,602	3,042,181
Unreserved	1,371,110	1,352,546
	5,740,712	4,394,727
With donor restriction		
Purpose restricted	925,202	1,115,875
Perpetual in nature	4,547,345	4,380,469
	5,472,547	5,496,344
Total Net Assets	11,213,259	9,891,071
Total Liabilities and Net Assets	\$11,466,279	\$10,519,088

See accompanying notes to combined financial statements.

**Special K Ranch, Inc. and
Special K Ranch Foundation, Inc.
Combined Statement of Activities
Year Ended September 30, 2024**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Public Support and Revenue			
Public Support			
Public support	\$ 517,582	\$ 758,352	\$ 1,275,934
Sales to public	472,873	-	472,873
Less, cost of goods sold	(167,125)	-	(167,125)
Special events	235,545	-	235,545
Less, direct benefits to donors	(32,712)	-	(32,712)
Grants	-	152,793	152,793
Gifts in-kind	45,412	-	45,412
Resident fees	564,733	-	564,733
Miscellaneous income (expense)	(695)	-	(695)
Investment income	65,394	1,123,381	1,188,775
Net assets released from restrictions	<u>2,058,323</u>	<u>(2,058,323)</u>	<u>-</u>
Total Public Support and Revenue	<u>3,759,330</u>	<u>(23,797)</u>	<u>3,735,533</u>
Expenses			
Program service	1,990,547	-	1,990,547
Fundraising	186,525	-	186,525
Administration	<u>236,273</u>	<u>-</u>	<u>236,273</u>
Total Expenses	<u>2,413,345</u>	<u>-</u>	<u>2,413,345</u>
Change in Net Assets	1,345,985	(23,797)	1,322,188
Net Assets, Beginning of Year	<u>4,394,727</u>	<u>5,496,344</u>	<u>9,891,071</u>
Net Assets, End of Year	<u>\$ 5,740,712</u>	<u>\$ 5,472,547</u>	<u>\$11,213,259</u>

See accompanying notes to combined financial statements.

**Special K Ranch, Inc. and
Special K Ranch Foundation, Inc.
Combined Statement of Activities
Year Ended September 30, 2023**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Public Support and Revenue			
Public Support			
Public support	\$ 740,047	\$ 363,820	\$ 1,103,867
Sales to public	595,739	-	595,739
Less, cost of goods sold	(154,109)	-	(154,109)
Special events	163,556	-	163,556
Less, direct benefits to donors	(31,769)	-	(31,769)
Grants	23,501	63,798	87,299
Gifts in-kind	47,108	-	47,108
Resident fees	523,856	-	523,856
Miscellaneous income	1,713	-	1,713
Investment income	53,312	706,106	759,418
Net assets released from restrictions	486,641	(486,641)	-
	<u>2,449,595</u>	<u>647,083</u>	<u>3,096,678</u>
Total Public Support and Revenue			
Expenses			
Program service	2,217,980	-	2,217,980
Fundraising	246,821	-	246,821
Administration	230,567	-	230,567
	<u>2,695,368</u>	<u>-</u>	<u>2,695,368</u>
Total Expenses			
Change in Net Assets before Unusual Expenses	(245,773)	647,083	401,310
Unusual expenses	(166,486)	-	(166,486)
Change in Net Assets	(412,259)	647,083	234,824
Net Assets, Beginning of Year	<u>4,806,986</u>	<u>4,849,261</u>	<u>9,656,247</u>
Net Assets, End of Year	<u>\$ 4,394,727</u>	<u>\$ 5,496,344</u>	<u>\$ 9,891,071</u>

See accompanying notes to combined financial statements.

**Special K Ranch, Inc. and
Special K Ranch Foundation, Inc.
Combined Statement of Functional Expenses
Year ended September 30, 2024**

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Salaries	\$ 1,044,816	\$ 108,911	\$ 73,058	\$ 1,226,785
Employee benefits	204,535	24,643	17,249	246,427
Payroll taxes	108,354	11,602	8,121	128,077
Staff enrichment	6,798	-	-	6,798
Farming program	42,534	-	-	42,534
Horticultural program	82,810	-	-	82,810
Services program	6,729	-	-	6,729
Occupancy	189,585	-	-	189,585
Advertising/public relations	-	831	1,255	2,086
Communication	-	2,858	7,359	10,217
Insurance	95,324	-	6,897	102,221
Investment and bank fees	-	1,400	61,557	62,957
Maintenance and repair	16,524	-	4,590	21,114
Office supplies	-	1,371	3,479	4,850
Postage	-	1,722	7,334	9,056
Printing and publications	-	13,774	50	13,824
Professional fees	33,845	2,281	11,089	47,215
Property taxes	689	-	-	689
Software support	-	5,088	4,220	9,308
Special event costs	-	9,986	-	9,986
Training/conferences	-	99	3,999	4,098
Travel	11,012	1,959	5,972	18,943
Depreciation	<u>146,992</u>	<u>-</u>	<u>20,044</u>	<u>167,036</u>
Total expenses	<u>\$ 1,990,547</u>	<u>\$ 186,525</u>	<u>\$ 236,273</u>	<u>\$ 2,413,345</u>

See accompanying notes to combined financial statements.

**Special K Ranch, Inc. and
Special K Ranch Foundation, Inc.
Combined Statement of Functional Expenses
Year ended September 30, 2023**

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Salaries	\$ 1,264,678	\$ 131,829	\$ 88,432	\$ 1,484,939
Employee benefits	189,237	22,800	15,959	227,996
Payroll taxes	114,409	12,250	8,575	135,234
Staff enrichment	7,593	-	-	7,593
Farming program	68,635	-	-	68,635
Horticultural program	98,086	-	-	98,086
Services program	5,752	-	-	5,752
Occupancy	176,502	-	-	176,502
Advertising/public relations	-	2,090	2,250	4,340
Communication	-	2,640	6,839	9,479
Insurance	78,567	-	6,055	84,622
Investment and bank fees	-	1,400	58,934	60,334
Maintenance and repair	10,359	-	3,302	13,661
Office supplies	-	2,159	2,205	4,364
Postage	-	6,310	1,100	7,410
Printing and publications	-	19,753	1,022	20,775
Professional fees	38,573	2,600	6,315	47,488
Property taxes	747	-	-	747
Software support	-	4,837	974	5,811
Special event costs	-	35,759	-	35,759
Training/conferences	-	498	1,627	2,125
Travel	12,332	1,896	6,181	20,409
Depreciation	<u>152,510</u>	<u>-</u>	<u>20,797</u>	<u>173,307</u>
Total expenses	<u>\$ 2,217,980</u>	<u>\$ 246,821</u>	<u>\$ 230,567</u>	<u>\$ 2,695,368</u>

See accompanying notes to combined financial statements.

**Special K Ranch, Inc. and
Special K Ranch Foundation, Inc.
Combined Statements of Cash Flows
Years Ended September 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,322,188	\$ 234,824
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	167,036	173,307
Unrealized (gain) loss on investments	(765,037)	(586,084)
Realized (gain) on sale of investments	(379,569)	35,413
Donated stocks received	(221,357)	(43,989)
Collapse of deferred gift annuities	-	(1,060)
Contribution of personal property	(2,000)	(5,500)
Change in current assets and liabilities:		
Accounts receivable	(77,921)	(19,880)
Prepaid expense	-	24,805
Inventory	(29,614)	59,518
Accounts payable	(209,332)	159,768
Unearned revenues	(7,902)	187
Accrued expenses	(163,609)	146,497
Deferred annuity payable	5,846	18,709
Contributions restricted for long-term purposes		
Endowments	<u>(128,083)</u>	<u>(193,320)</u>
Net cash provided by (used in) operating activities	<u>(489,354)</u>	<u>3,195</u>
Cash flows from (used in) investing activities		
Purchase of property and equipment	(1,492,457)	(33,380)
Proceeds from sale of investments	2,095,402	2,602,774
Purchase of investments	<u>(1,320,696)</u>	<u>(2,542,238)</u>
Net cash provided by (used in) investing activities	<u>(717,751)</u>	<u>27,156</u>
Cash Flows from Financing Activities		
Proceeds from contributions restricted to endowment	<u>128,083</u>	<u>193,320</u>
Net cash provided by financing activities	<u>128,083</u>	<u>193,320</u>

See accompanying notes to combined financial statements

**Special K Ranch, Inc. and
Special K Ranch Foundation, Inc.
Combined Statements of Cash Flows
Years Ended September 30, 2024 and 2023**

	2024	2023
Net Change in Cash, Cash Equivalents, and Restricted Cash	(1,079,022)	223,671
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	1,820,040	1,596,369
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 741,018	\$ 1,820,040
Cash, Cash Equivalents, and Restricted Cash at End of Year include the following:		
Cash and Cash Equivalents	\$ 154,032	\$ 258,885
Restricted Cash designated by the Board of Directors	586,986	1,561,155
	\$ 741,018	\$ 1,820,040

See accompanying notes to combined financial statements.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 1 - Summary of Significant Accounting Policies

Description of Entities - Special K Ranch, Inc. (the Ranch) is a non-profit organization that offers a living and learning experience in a rural agricultural setting for people who have developmental disabilities. The Ranch serves both men and women ages 18 and older. The Ranch is located on approximately 230 acres, 10 miles west of Park City, Montana and 8 miles east of Columbus, Montana. The Ranch's mission statement is as follows:

“Providing family oriented Christian homes on a working ranch for adults who have developmental disabilities.”

The Ranch undergoes an annual license review from the State of Montana Department of Public Health and Human Services for Community Homes for the Developmentally Disabled. The license has been renewed through December 31, 2025.

Special K Ranch Foundation, Inc. (the Foundation) is a non-profit organization established in 2000. The Foundation was organized and is operated exclusively for the benefit of Special K Ranch, Inc., primarily in the areas of raising funds and managing investments.

Basis of Accounting - The accompanying combined financial statements have been prepared on the accrual basis of accounting. The accompanying financial statements include the combined assets, liabilities, net assets, changes in net assets, and cash flows for the Special K Ranch, Inc. and Special K Ranch Foundation, Inc. in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board.

Financial Statement Presentation – The Entities have presented their financial statements to conform to U.S. generally accepted accounting principles (U.S. GAAP) as applicable to not-for-profit organizations. Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Entities and changes therein are classified and reported as follows:

Without donor restriction – Net assets that are not subject to donor-imposed stipulations.

With donor restriction – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Entities and/or passage of time. This also includes net assets subject to donor-imposed stipulations that must be maintained permanently by the Entities. Generally, the donors of these assets permit the Entities to use all or part of the income earned on related investments for general or specific purposes.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents - The Ranch considers all highly liquid investments with an original maturity of three (3) months or less to be cash equivalents for purposes of the statements of cash flows. Cash and cash equivalents for purposes of the combined statements of cash flows include purpose restricted or perpetually restricted cash and cash equivalents, consistent with ASU No. 2016-18 *Statement of Cash Flows – Restricted Cash*.

Cash may be held from time to time that is restricted by the board or donors as to its use. Such restrictions, as imposed by the Board, may be removed at the discretion of the Board resulting in an increase to cash and cash equivalents. The Ranch held \$586,986 and \$1,561,555 in cash that is restricted for various purposes at September 30, 2024 and 2023, respectively.

Property and Equipment - All purchased property and equipment is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value. Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of assets, which range from five (5) to forty (40) years. Expenditures for major renewals and betterments that extend the useful life of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The Ranch has established a threshold amount of \$1,000 for items with a life of one year or more in determining when an item will be capitalized or expensed.

Income Taxes - Both Special K Ranch, Inc. and Special K Ranch Foundation, Inc. qualify as a tax-exempt organization under Section 501(c)(3) as described in Sections 509(a)(1) and 170(b)(1)(A)(iv) of the Internal Revenue Code, and accordingly, there is no provision for income taxes in the accompanying financial statements. In addition, the Entities have been determined by the Internal Revenue Service not to be “private foundations” within the meaning of section 509(a) of the Internal Revenue Code.

The Entities’ Form 990, Return of Organization Exempt from Income Tax, for the years ending September 30, 2023, 2022, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates - The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the accompanying combined financial statements include, primarily, the valuation of donated items received.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable - Accounts receivable resulting from program sales are stated at unpaid balances, less an allowance for credit losses. An allowance for credit losses is an estimate based upon historical account write-off trends, experience, and other circumstances, which may affect the ability of customers to meet their obligations. It is the Ranch's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. For the periods ended September 30, 2024 and 2023, management has determined that no allowance for credit losses is necessary.

Public Support and Revenue - The Ranch charges each resident a fee per month for room, board, and life services. The residents' social security and /or supplemental security income may be applied toward the fee. The Ranch also supports itself through income from Ranch production (sale of livestock, growing crops, greenhouse and nursery sales, and contract services) and annual fundraising events.

Public support and revenue are generally available for use without restriction unless specifically restricted by the donor. Unconditional promises to give are recorded when the written promise to give is received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates (applicable to the years in which the promises are received) to discount the amounts. The majority of the promises to give are received from a broad base of contributors. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at the end of each fiscal year.

Revenue and other contributions of cash and other assets are reported as restricted support 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, restricted net assets are reclassified to without restriction and reported in the statement of activities as net assets released from restrictions. The Board of Directors adopted a policy whereby if restrictions are accomplished within the fiscal year, the support shall be classified as without restriction.

Endowment contributions and investments are restricted by the donor. Investment earnings available for distributions are recorded with restrictions until such a time as the earnings are transferred from the investment account to an account designated as without restrictions.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Contributions of donated material non-cash assets are recorded at their fair values in the period received. Contributions of donated services that meet the requirement for recognition according to the Internal Revenue Code are recorded at their fair values in the period received.

Functional Allocation of Expenses - The costs of providing the programs and activities of the Ranch have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investments - The Ranch and Foundation applies ASC No. 820, *Fair Value Measurement*, for fair value measurements of financial and nonfinancial assets and financial liabilities. The Entities' estimates of fair value for financial assets and liabilities are based on the framework in ASC No. 820 which considers the inputs be used in the valuations when available. The disclosure of fair value estimates in the ASC No. 820 hierarchy is based on whether the significant inputs relative to the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quotes priced in active markets and the lowest priority to unobservable inputs that reflect the Entities' significant market assumptions. The three levels of the hierarchy are described as follows:

- Level 1 – Valuation based on unadjusted quoted market prices for identical assets or liabilities in accessible and active markets;
- Level 2 – Valuation based on inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Valuation derived from unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions; based on reasonable and commonly accepted assertions.

The Ranch and Foundation adheres to the Uniform Prudent Management of Institutional Funds Act of 2006. The law eliminates the historical dollar threshold and establishes prudent spending guidelines that considers both the duration and preservation of the fund. As a result of this enactment, subject to the donor's intent as expressed in a gift agreement or similar document, the Entities may now spend the amount of the principal and income of an endowment fund, even from an underwater fund, after considering the factors listed in the Act.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 1 - Summary of Significant Accounting Policies (Continued)

The Entities recognize all financial assets at their fair value as defined as an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

The Entities are required to provide additional disclosures under reporting standards as part of its financial statements. Those additional disclosures are included in Note 9.

Lease Accounting - As of the calendar year beginning after December 15, 2021, the Entities were required to implement ASU No. 2016-02 *Leases (Topic 842)* which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and new disclosures on key information about leasing arrangements. The Ranch applied the standard using a retrospective approach and has not identified any leases requiring recognition under the ASU.

Subsequent Events Management has evaluated subsequent events through March 11, 2025, the date which the financial statements were available to be issued.

NOTE 2 – Liquidity and Availability

Financial assets available for general expenditures within one year as of September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Total assets	\$11,466,279	\$10,519,088
Less:		
Short-term investments (non-cash)	(243,456)	(1,070,642)
Cash equivalents restricted for a specific purpose	(134,281)	(159,058)
Investments	(5,958,490)	(5,433,505)
Beneficial interest in assets held by others	(168,939)	(102,667)
Land, buildings, improvements, and equipment, net	<u>(4,369,602)</u>	<u>(3,042,181)</u>
Financial assets available within on year	<u>\$ 591,511</u>	<u>\$ 711,035</u>

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 2 – Liquidity and Availability (Continued)

The Ranch holds short-term cash investments of \$143,599 included in financial assets available within one year. Although management does not intend to spend from its invested amounts, amounts could be made available, if necessary, with management approval and is included in the liquidity measurements.

NOTE 3 – Inventory

Inventory is recorded at the lower of cost or fair market value. Inventory recorded on the Ranch’s books as of September 30, 2024 and 2023, is summarized as follows:

	2024	2023
Livestock	\$ 56,715	\$ 42,825
Feed	11,056	7,500
Miscellaneous	5,130	5,130
Greenhouse and nursery	36,758	24,590
Total	\$ 109,659	\$ 80,045

The Ranch receives, as donations, various non-cash items that are deemed inappropriate to be put into service on the Ranch. Management will make the determination to hold such items for sale to the public. The Ranch, upon sale of such items, notifies the donor of the selling price in such cases as deemed necessary consistent with Internal Revenue Service regulations. Livestock and other capital assets recognized by the Ranch as depreciable fixed assets are not included in the above inventory totals.

NOTE 4 - Endowment Funds

The Foundation’s endowments consist of individual funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 4 - Endowment Funds (Continued)

The Board of Directors has interpreted the Montana Prudent Management of Institutional Funds Act (MTMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MTMIFA. In accordance with MTMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. The investment policy of the Foundation

The composition of endowment investment assets by fund as of September 30, 2024 and 2023, is as follows:

September 30, 2024:	<u>Without Restriction</u>	<u>Purpose Restriction</u>	<u>Perpetual Restriction</u>	<u>Total</u>
Donor-restricted	\$ -	\$ -	\$ 4,410,287	\$ 4,410,287
Board restricted	900,296	647,907	-	1,548,203
Total	<u>\$ 900,296</u>	<u>\$ 647,907</u>	<u>\$ 4,410,287</u>	<u>\$ 5,958,490</u>

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 4 - Endowment Funds (continued)

September 30, 2023:	<u>Without Restriction</u>	<u>Purpose Restriction</u>	<u>Perpetual Restriction</u>	<u>Total</u>
Donor-restricted	\$ -	\$ -	\$ 4,282,204	\$ 4,282,204
Board restricted	886,536	264,765	-	1,151,301
Total	<u>\$ 886,536</u>	<u>\$ 264,765</u>	<u>\$ 4,282,204</u>	<u>\$ 5,433,505</u>

Changes in endowment investment assets for the year ended September 30, 2024, is as follows:

	<u>Without Restriction</u>	<u>Purpose Restricted</u>	<u>Perpetual Restricted</u>	<u>Total</u>
Beginning of year	\$ 886,536	\$ 264,765	\$ 4,282,204	\$ 5,433,505
Investment returns:				
Interest/dividends	-	162,710	-	162,710
Gains/losses	-	928,144	-	928,144
Contributions	3,243	-	128,083	131,326
Appropriation of assets for expenditure:				
Transfers to charity	-	(632,489)	-	(632,489)
Fees/other charges	10,517	(73,823)	-	(63,306)
Annuity payments	-	(1,400)	-	(1,400)
End of Year	<u>\$ 900,296</u>	<u>\$ 647,907</u>	<u>\$ 4,410,287</u>	<u>\$ 5,958,490</u>

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 4 - Endowment Funds (continued)

Changes in endowment investment assets for the year ended September 30, 2023, is as follows:

	<u>Without Restriction</u>	<u>Purpose Restricted</u>	<u>Perpetual Restricted</u>	<u>Total</u>
Beginning of year	\$ 849,861	\$ -	\$ 4,088,884	\$ 4,938,745
Investment returns:				
Interest/dividends	-	154,462	-	154,462
Gains/losses	-	545,425	-	545,425
Contributions	36,644	-	192,260	228,904
Appropriation of assets for expenditure:				
Transfers to charity	-	(379,634)	-	(379,634)
Fees/other charges	31	(54,088)	-	(54,057)
Annuity payments	-	(1,400)	1,060	(340)
End of Year	<u>\$ 886,536</u>	<u>\$ 264,765</u>	<u>\$ 4,282,204</u>	<u>\$ 5,433,505</u>

The Foundation adopted the policy to report earnings from all restricted assets as with restriction until funds are appropriated from the account designated as restricted. The Foundation's endowment spending policy requires that 1.25% of the endowment fund balance will be distributed quarterly, based on the most recent quarter end fair market value. The Foundation investment objective is to earn long-term returns comprised of capital appreciation and current income sufficient to fund distributions. The policy includes a rate of return performance benchmark to exceed inflation by 5.0% as measured by the Consumer Price Index. The Foundation will achieve returns by investing in equities (including international funds), government bonds, and cash funds that are actively managed through various investment management firms. The stated Foundation risk tolerance is moderate.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 5 - Investments and Beneficial Interest in Assets Held by Others

The Ranch transferred endowment funds to be held by the Montana Community Foundation (MCF), a non-profit organization that provides investment management for charitable organizations. The MCF does not maintain variance power over the funds held on behalf of the Ranch, therefore, the Ranch recognizes the fair market value of the endowment as an asset. Since its inception, additional contributions have been added to the corpus of the funds. The income that is derived from the endowment and forwarded by the Montana Community Foundation to the Ranch is considered unrestricted. As of September 30, 2024 and 2023, the endowment has a fair market value of \$168,939 and \$102,667, respectively.

NOTE 6 - Foundation Investments

As of September 30, 2024 and 2023, the Foundation assets and liabilities, carried at fair market value and invested in a variety of securities with varying yields and maturity dates, are as follows:

	<u>2024</u>	<u>2023</u>
Cash management accounts	\$ 107,144	\$ 175,681
Corporate bonds	1,706,310	1,775,323
Government bonds	-	70,719
Equity mutual funds/ETF	1,390,065	1,236,323
Common stock equities	2,430,584	1,933,554
Alternative investments	324,387	241,905
Accounts payable	(4,775)	(8,925)
Deferred gift annuities payable	<u>(167,650)</u>	<u>(161,804)</u>
Net Fair Market Value	<u>\$ 5,786,065</u>	<u>\$ 5,262,776</u>

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 6 - Foundation Investments (Continued)

The cash and investments activity of the Foundation for the years ended September 30, 2024 and 2023, is summarized as follows:

	<u>2024</u>	<u>2023</u>
Beginning Value	\$ 5,433,505	\$ 4,938,745
Contributions received:		
Transfers from Special K Ranch, Inc.	500	19,025
Endowment contribution	128,084	209,879
Investment earnings	162,710	154,462
Realized gains (losses)	191,843	(36,025)
Unrealized gains	736,301	581,450
Investment fees	(57,224)	(54,057)
Transfers to Special K Ranch, Inc.	(632,489)	(379,634)
Costs, expenses, and other disbursements	<u>(4,740)</u>	<u>(340)</u>
Ending Value - Foundation Investments	<u>\$ 5,958,490</u>	<u>\$ 5,433,505</u>

NOTE 7 - Line of Credit and Pledged Assets

The Ranch has an open-end line-of-credit agreement with Stockman Bank of Montana. Maximum available borrowing under the line-of-credit, bearing a maturity date of April 1, 2024, is \$200,000. The note bears an interest rate equal to the Wall Street Journal U.S. Prime Rate plus 1.5%, currently 10.0%. The note is secured by the real property located at 34 Special K Ranch, Columbus, Montana. As of September 30, 2024, and 2023, the outstanding balance on the line-of-credit was \$0.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 8 - Net Assets with Restriction

Purpose restricted net assets are available for the following purpose or period:

	<u>2024</u>	<u>2023</u>
Building construction/upgrade	\$ 187,585	\$ 806,682
Septic/drain field	17,991	17,991
Scholarships	12,003	18,199
Programs	27,836	3,836
Endowment fund earnings	<u>679,787</u>	<u>269,167</u>
Net Fair Market Value	<u>\$ 925,202</u>	<u>\$ 1,115,875</u>

Net assets released from restriction in the current period include endowment funds distributed or reduced through market valuation in the amount of \$712,760. Other decreases in purpose restricted net assets include capital building projects of \$1,313,366, and scholarship/program expenditures of \$32,196.

Perpetually restricted net assets are represented by the following:

	<u>2024</u>	<u>2023</u>
Community Foundation investment (non-variance)	\$ 137,059	\$ 98,265
Gift annuities	1,544,974	1,448,445
Endowment contributions restricted by donor	<u>2,865,312</u>	<u>2,833,759</u>
Ending Value - Foundation Investments	<u>\$ 4,547,345</u>	<u>\$ 4,380,469</u>

The Ranch and Foundation have established investment accounts with highly liquid assets designated to maintain sufficient balances to fund the perpetual restrictions.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 9 - Investment Income

Investment income (loss) and gains for cash equivalents, other investments, and endowment funds for the periods ended September 30, 2024 and 2023, include:

	2024	2023
Interest and dividend income	\$ 229,712	\$ 208,747
Realized gain (loss) on investment	193,570	(35,413)
Unrealized gain (loss) on investments	765,493	586,084
	\$ 1,188,775	\$ 759,418

Cumulative unrealized gains on investments have been recognized in the amounts of \$1,166,907 and \$422,053 for the periods ended September 30, 2024 and 2023, respectively.

The following table sets forth the level, within the fair value hierarchy, of investments and certain other assets that are measured at fair value on a recurring basis as of September 30, 2024 and 2023:

	Quoted Prices In Active Markets (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Total
September 30, 2024				
Investments				
Money market funds	\$ 107,144	\$ -	\$ -	\$ 107,144
Fixed income / bonds	1,706,310	-	-	1,706,310
Domestic equity	4,145,036	-	-	4,145,036
Security interest	-	168,939	-	168,939
Total	\$ 5,958,490	\$ 168,939	\$ -	\$ 6,127,429

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 9 - Investment Income (continued)

September 30, 2023	Quoted Prices In Active Markets (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Total
Investments				
Money market funds	\$ 175,681	\$ -	\$ -	\$ 175,681
Fixed income / bonds	1,846,042	-	-	1,846,042
Domestic equity	3,411,782	-	-	3,411,782
Security interest	-	102,667	-	102,667
Total	<u>\$ 5,433,505</u>	<u>\$ 102,667</u>	<u>\$ -</u>	<u>\$ 5,536,172</u>

Observable input fair values include ownership in beneficial interests. Money market accounts, mutual funds and stocks are included in quoted prices in active markets. Leasehold interest fair value is the present value of the fair market rents.

NOTE 10 - Retirement Plan

The Ranch has adopted a SIMPLE IRA plan which provides for an employer contribution of 2% of employee compensation for all eligible employees and a \$1:1 matching contribution of elective employee contributions which, when combined with employer contributions, would not exceed a total employer contribution of 3% of employee compensation. Total employer contributions to the Plan for the years ended September 30, 2024 and 2023, were \$18,402 and \$16,117 respectively.

NOTE 11 - Non-Cash Donations/Contributions

The Ranch received \$45,412 and \$47,108 of donated personal property, equipment, and consumables for the periods ending September 30, 2024 and 2023, respectively. The assets were classified as unrestricted as the Ranch currently has not established a policy of implying a time restriction on the use of the assets, and there were no donor-imposed restrictions placed on the assets.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 12 – Sales to Public

Sales to the public and associated direct costs are as follows:

	2024	2023
Sales to Public:		
Greenhouse sales	267,713	\$ 298,552
Nursery sales	111,371	140,000
Service contracts performed	48,751	43,760
Livestock sales	35,250	53,791
Product sales	8,453	54,671
Miscellaneous sales	1,335	4,965
	472,873	595,739
Cost of goods sold:		
Greenhouse	(167,125)	(154,109)
	\$ 305,748	\$ 441,630

NOTE 13 – Unusual Expenses

In December 2023, the Ranch settled a matter with the U.S. Department of Labor regarding alleged non-compliance with 14c certification requirements as set forth under Workforce Innovation and Opportunity Act that required the payment of back wages totaling \$166,486, included in the functional expenses, and liquidated damages in the amount of \$166,486, recognized as unusual expenses for the year ended September 30, 2023. The Ranch has no remaining settlement obligation relating to this matter.

**SPECIAL K RANCH, INC. AND
SPECIAL K RANCH FOUNDATION, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 14 – Combining Eliminating Entries

The following is a summary of the intercompany eliminating entries recognized in the combining of the related entities for the year ended September 30, 2024:

	Special K	Special K	Intercompany		Total
	Ranch Incorporated	Ranch Foundation	Adjustments		
			Debit	Credit	
Total Current Assets	\$ 969,248	\$ -	\$ -	\$ -	\$ 969,248
Property and Equipment	4,369,602	-	-	-	4,369,602
Foundation Investments	-	5,958,490	-	-	5,958,490
Other Assets	168,939	-	-	-	168,939
Total Assets	<u>5,507,789</u>	<u>5,958,490</u>	<u>-</u>	<u>-</u>	<u>11,466,279</u>
Accounts Payable	52,430	4,774	-	-	57,204
Unearned Revenue	-	-	-	-	-
Accrued Expenses	28,166	-	-	-	28,166
Gift Annuity Payable	-	167,650	-	-	167,650
Total Liabilities	<u>80,596</u>	<u>172,424</u>	<u>-</u>	<u>-</u>	<u>253,020</u>
Without Restrictions Net Assets	5,012,840	727,872	-	-	5,740,712
With Restrictions Net Assets	414,353	5,058,194	-	-	5,472,547
Total Net Assets	<u>5,427,193</u>	<u>5,786,066</u>	<u>-</u>	<u>-</u>	<u>11,213,259</u>
Total Liabilities and Net Assets	<u>\$ 5,507,789</u>	<u>\$ 5,958,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,466,279</u>
Public Support	\$ 3,049,675	\$ 130,767	\$ 632,989	\$ -	\$ 2,547,453
Investment Income	97,921	1,090,854	-	-	1,188,775
Miscellaneous income (expense)	(695)	-	-	-	(695)
Total Revenue	<u>3,146,901</u>	<u>1,221,621</u>	<u>632,989</u>	<u>-</u>	<u>3,735,533</u>
Program Expenses	\$ 1,990,547	\$ 635,172	\$ -	\$ (632,989)	\$ 1,992,730
Supporting Services	172,331	61,759	-	-	234,090
Fundraising Expense	185,125	1,400	-	-	186,525
Total Expenses	<u>2,348,003</u>	<u>698,331</u>	<u>-</u>	<u>(632,989)</u>	<u>2,413,345</u>
Change in Net Assets	<u>\$ 798,898</u>	<u>\$ 523,290</u>	<u>\$ 632,989</u>	<u>\$ (632,989)</u>	<u>\$ 1,322,188</u>

SUPPLEMENTAL INFORMATION

Special K Ranch, Inc.
Supplemental Information
Statements of Financial Position
September 30, 2024 and 2023

ASSETS	2024	2023
Current Assets		
Cash and cash equivalents	\$ 154,032	\$ 258,885
Accounts receivable	8,571	40,650
Other accounts receivable	110,000	-
Inventory	109,659	80,045
Cash restricted by the Board	586,986	1,561,155
Total Current Assets	969,248	1,940,735
Property and Equipment		
Land and improvements	1,299,149	1,299,149
Resident homes and ranch structures	3,893,781	3,815,756
Ranch equipment	611,039	609,039
Furniture and fixtures	194,634	183,299
Construction in progress	1,483,516	80,419
	7,482,119	5,987,662
Less accumulated depreciation	(3,112,517)	(2,945,481)
Total Property and Equipment	4,369,602	3,042,181
Other Assets		
Beneficial interest in assets held by others	168,939	102,667
Total Assets	\$ 5,507,789	\$ 5,085,583

See accompanying notes to combined financial statements.

Special K Ranch, Inc.
Supplemental Information
Statements of Financial Position
September 30, 2024 and 2023

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities		
Accounts payable	\$ 52,430	\$ 257,611
Unearned revenues	-	7,902
Accrued expenses		
Payroll and withholding liabilities	26,351	190,196
Retirement plan	1,815	1,579
Total current liabilities	80,596	457,288
Total Liabilities	80,596	457,288
Net Assets		
Without donor restriction		
Invested in capital assets	4,369,602	3,042,181
Unreserved	643,238	636,740
	5,012,840	3,678,921
With donor restriction		
Purpose restricted	277,295	851,109
Perpetual in nature	137,058	98,265
	414,353	949,374
Total Net Assets	5,427,193	4,628,295
Total Liabilities and Net Assets	\$ 5,507,789	\$ 5,085,583

See accompanying notes to combined financial statements.

Special K Ranch, Inc.
Supplemental Information
Statement of Activities
Year Ended September 30, 2024

	Without Donor Restriction	With Donor Restriction	Total
Public Support and Revenue			
Public Support			
Public support	\$ 517,582	\$ 630,268	\$ 1,147,850
Sales to public	472,873	-	472,873
Less, cost of goods sold	(167,125)	-	(167,125)
Special events	235,545	-	235,545
Less, direct benefits to donors	(32,712)	-	(32,712)
Grants	-	152,793	152,793
Foundation distributions received	630,306	-	630,306
Gifts in-kind	45,412	-	45,412
Resident fees	564,733	-	564,733
Miscellaneous income (expense)	(695)	-	(695)
Investment income	65,394	32,527	97,921
Net assets released from restrictions	1,350,610	(1,350,610)	-
	<u>3,681,923</u>	<u>(535,022)</u>	<u>3,146,901</u>
Total Public Support and Revenue			
Expenses			
Program service	1,990,547	-	1,990,547
Fundraising	185,125	-	185,125
Administration	172,331	-	172,331
	<u>2,348,003</u>	<u>-</u>	<u>2,348,003</u>
Total Expenses			
Change in Net Assets	1,333,920	(535,022)	798,898
Net Assets, Beginning of Year	<u>3,678,920</u>	<u>949,375</u>	<u>4,628,295</u>
Net Assets, End of Year	<u>\$ 5,012,840</u>	<u>\$ 414,353</u>	<u>\$ 5,427,193</u>

See accompanying notes to combined financial statements.

**Special K Ranch, Inc. and
Supplemental Information
Statement of Activities
Year Ended September 30, 2023**

	Without Donor Restriction	With Donor Restriction	Total
Public Support and Revenue			
Public Support			
Public support	\$ 740,047	\$ 170,500	\$ 910,547
Sales to public	595,739	-	595,739
Less, cost of goods sold	(154,109)	-	(154,109)
Special events	163,556	-	163,556
Less, direct benefits to donors	(31,769)	-	(31,769)
Grants	23,501	63,798	87,299
Foundation distributions received	379,634	-	379,634
Gifts in-kind	47,108	-	47,108
Resident fees	523,856	-	523,856
Miscellaneous income	1,713	-	1,713
Investment income	53,312	6,219	59,531
Net assets released from restrictions	51,519	(51,519)	-
	<u>2,394,107</u>	<u>188,998</u>	<u>2,583,105</u>
Total Public Support and Revenue			
Expenses			
Program service	2,237,005	-	2,237,005
Fundraising	245,421	-	245,421
Administration	172,055	-	172,055
	<u>2,654,481</u>	<u>-</u>	<u>2,654,481</u>
Total Expenses			
Change in Net Assets before Unusual Expenses	(260,374)	188,998	(71,376)
Unusual expenses	(166,486)	-	(166,486)
Change in Net Assets	(426,860)	188,998	(237,862)
Net Assets, Beginning of Year	<u>4,105,780</u>	<u>760,377</u>	<u>4,866,157</u>
Net Assets, End of Year	<u>\$ 3,678,920</u>	<u>\$ 949,375</u>	<u>\$ 4,628,295</u>

See notes to combined financial statements

Special K Ranch, Inc.
Supplemental Information
Statement of Functional Expenses
Year ended September 30, 2024

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Salaries	\$ 1,044,816	\$ 108,911	\$ 73,058	\$ 1,226,785
Employee benefits	204,535	24,643	17,249	246,427
Payroll taxes	108,354	11,602	8,121	128,077
Staff enrichment	6,798	-	-	6,798
Farming program	42,534	-	-	42,534
Horticultural program	82,810	-	-	82,810
Services program	6,729	-	-	6,729
Occupancy	189,585	-	-	189,585
Advertising/public relations	-	831	1,255	2,086
Communication	-	2,858	7,359	10,217
Insurance	95,324	-	4,465	99,789
Investment and bank fees	-	-	9,478	9,478
Maintenance and repair	16,524	-	4,590	21,114
Office supplies	-	1,371	3,479	4,850
Postage	-	1,722	7,334	9,056
Printing and publications	-	13,774	50	13,824
Professional fees	33,845	2,281	1,658	37,784
Property taxes	689	-	-	689
Software support	-	5,088	4,220	9,308
Special event costs	-	9,986	-	9,986
Training/conferences	-	99	3,999	4,098
Travel	11,012	1,959	5,972	18,943
Depreciation	146,992	-	20,044	167,036
Total expenses	<u>\$ 1,990,547</u>	<u>\$ 185,125</u>	<u>\$ 172,331</u>	<u>\$ 2,348,003</u>

See accompanying notes to combined financial statements

Special K Ranch, Inc.
Supplemental Information
Statement of Functional Expenses
Year ended September 30, 2023

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Salaries	\$ 1,264,678	\$ 131,829	\$ 88,432	\$ 1,484,939
Employee benefits	189,237	22,800	15,959	227,996
Payroll taxes	114,409	12,250	8,575	135,234
Staff enrichment	7,593	-	-	7,593
Grants to Foundation	19,025	-	-	19,025
Farming program	68,635	-	-	68,635
Horticultural program	98,086	-	-	98,086
Services program	5,752	-	-	5,752
Occupancy	176,502	-	-	176,502
Advertising/public relations	-	2,090	2,250	4,340
Communication	-	2,640	6,839	9,479
Insurance	78,567	-	3,680	82,247
Investment and bank fees	-	-	7,222	7,222
Maintenance and repair	10,359	-	3,302	13,661
Office supplies	-	2,159	2,205	4,364
Postage	-	6,310	1,100	7,410
Printing and publications	-	19,753	1,022	20,775
Professional fees	38,573	2,600	1,890	43,063
Property taxes	747	-	-	747
Software support	-	4,837	974	5,811
Special event costs	-	35,759	-	35,759
Training/conferences	-	498	1,627	2,125
Travel	12,332	1,896	6,181	20,409
Depreciation	<u>152,510</u>	<u>-</u>	<u>20,797</u>	<u>173,307</u>
Total expenses	<u>\$ 2,237,005</u>	<u>\$ 245,421</u>	<u>\$ 172,055</u>	<u>\$ 2,654,481</u>

See accompanying notes to combined financial statements.

Special K Ranch, Inc.
Supplemental Information
Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 798,898	\$ (237,862)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	167,036	173,307
Unrealized (gain) loss on investments	(27,414)	(4,633)
Realized (gain) on sale of investments	(1,778)	(612)
Contribution of personal property	(2,000)	(5,500)
Change in current assets and liabilities:		
Accounts receivable	(77,921)	(19,880)
Prepaid expense	-	24,805
Inventory	(29,614)	59,518
Accounts payable	(205,181)	155,343
Unearned revenues	(7,902)	187
Accrued expenses	(163,609)	146,497
	450,515	291,170
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(1,492,457)	(33,380)
Purchase of investments	(37,080)	(34,119)
	(1,529,537)	(67,499)
Net cash used in investing activities		

See accompanying notes to combined financial statements.

**Special K Ranch, Inc. and
Supplemental Information
Combined Statements of Cash Flows (Continued)
Years Ended September 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	(1,079,022)	223,671
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>1,820,040</u>	<u>1,596,369</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 741,018</u>	<u>\$ 1,820,040</u>
 Cash, Cash Equivalents, and Restricted Cash at End of Year include the following:		
Cash and Cash Equivalents	\$ 154,032	\$ 258,885
Restricted Cash designated by the Board of Directors	<u>586,986</u>	<u>1,561,155</u>
	<u>\$ 741,018</u>	<u>\$ 1,820,040</u>

See accompanying notes to combined financial statements.