Joy Ranch

A Christian Home for Children

where love gives life!

Financial Report

For the Year Ended December 31, 2024

JOY RANCH, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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Independent Auditors' Report

To the Board of Directors
Joy Ranch, Inc.

Opinion

We have audited the accompanying financial statements of Joy Ranch, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Joy Ranch, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Joy Ranch, 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.

Responsibilities of Management 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 Joy Ranch, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Joy Ranch, 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 Joy Ranch, 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.

Report on Summarized Comparative Information

We have previously audited Joy Ranch, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
February 3, 2025

JOY RANCH, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2023)

Assets:	2024	2023
Current Assets:		
Cash and cash equivalents	$ 95,747	$ 371,235
Investments	1,689,159	1,573,908
Prepaid expenses	16,018	16,770
Total Current Assets	$ 1,800,924	$ 1,961,913
Noncurrent Assets:		
Property and equipment, net of accumulated depreciation	$ 1,234,566	$ 1,250,296
Operating right of use asset, net of accumulated amortization	24,947	32,073
Total Noncurrent Assets	$ 1,259,513	$ 1,282,369
Total Assets	$ 3,060,437	$ 3,244,282
Liabilities:		
Current Liabilities:		
Accounts payable	$ 7,667	$ 15,579
Accrued expenses	15,641	12,631
Operating lease liability, current portion	7,633	7,261
Total Current Liabilities	$ 30,941	$ 35,471
Noncurrent Liabilities:		
Operating lease liabilty, net of current portion	$ 17,179	$ 24,812
Total Liabilities	$ 48,120	$ 60,283
Net Assets:		
Net assets without donor restrictions	$ 2,990,037	$ 3,174,589
Net assets with donor restrictions	22,280	9,410
Total Net Assets	$ 3,012,317	$ 3,183,999
Total Liabilities and Net Assets	$ 3,060,437	$ 3,244,282

The accompanying notes are an integral part of this financial statement.

JOY RANCH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues, Gains, and Other Support				
Contributions:				
Regular	$ 504,605	$ 15,270	$ 519,875	$ 280,341
Bequests	121,870	-	121,870	130,736
Distributions as income beneficiary	119,281	-	119,281	132,340
Other contributions	-	-	-	161,643
In-kind contributions	4,874	-	4,874	5,546
Grants	2,300	-	2,300	2,400
Miscellaneous	14,526	-	14,526	35,004
Realized and unrealized gain (loss) on investment	(9,750)	-	(9,750)	(38,039)
Gain on sale of assets	-	-	-	167,628
Net assets released from restrictions, used for operations	2,400	(2,400)	-	-
Total Revenues, Gains, and Other Support	$ 760,106	$ 12,870	$ 772,976	$ 877,599
Expenses				
Program services:				
Foster care	$ 862,164	$ -	$ 862,164	$ 1,005,060
Supporting services:				
Management and general	34,365	-	34,365	40,123
Fundraising	48,129	-	48,129	46,654
Total Expenses	$ 944,658	$ -	$ 944,658	$ 1,091,837
Change in Net Assets	$ (184,552)	$ 12,870	$ (171,682)	$ (214,238)
Net Assets, Beginning of Year	3,174,589	9,410	3,183,999	3,398,237
Net Assets, End of Year	$ 2,990,037	$ 22,280	$ 3,012,317	$ 3,183,999

The accompanying notes are an integral part of this financial statement.

JOY RANCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	Program Services	Supporting Services			
	Foster Care	Management and General	Fundraising	Total 2024	Total 2023
Activities	$ 18,427	$ -	$ -	$ 18,427	$ 18,953
Advertising	1,269	-	-	1,269	600
Animal expenses	1,829	-	-	1,829	1,282
Automotive	15,177	-	-	15,177	21,346
Bank charges	2,814	-	-	2,814	2,201
Clothes and school supplies	405	-	-	405	460
Contracted services	1,585	-	-	1,585	1,584
Cottage and residence allowance	5,479	-	-	5,479	2,824
Depreciation and amortization	92,363	-	-	92,363	99,871
Dues and subscriptions	1,835	-	-	1,835	1,800
Employee insurance	7,650	-	718	8,368	327
In-kind expenses	4,874	-	-	4,874	5,546
Insurance	52,073	-	-	52,073	42,485
Kitchen and food supplies	34,819	-	-	34,819	32,277
Maintenance	18,156	-	52	18,208	36,799
Missions/Church groups	455	-	-	455	610
General supplies	-	-	-	-	7,261
Medical	606	-	-	606	790
Miscellaneous	87,755	(632)	-	87,123	194,508
Office supplies and expense	10,097	-	-	10,097	12,362
Other employee benefits	5,625	-	-	5,625	10,173
Payroll taxes	28,068	2,525	3,352	33,945	30,204
Printing and postage	3,595	-	-	3,595	5,273
Professional fees	10,352	-	-	10,352	9,321
Retirement	3,781	-	-	3,781	4,320
Salaries	368,045	32,472	44,007	444,524	427,338
Taxes and licenses	2,953			2,953	2,777
Telephone	2,790	-	-	2,790	2,915
Training	3,427	-	-	3,427	15,604
Travel	-	-	-	-	383
Utilities and oil	75,860	-	-	75,860	99,643
Total Expenses	$ 862,164	$ 34,365	$ 48,129	$ 944,658	$ 1,091,837

The accompanying notes are an integral part of this financial statement.

JOY RANCH, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ (171,682)	$ (214,238)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	92,363	99,871
(Gain) loss from sale of assets	-	(167,628)
Unrealized (gain) loss on investments	64,652	85,071
Investment administrative expenses	3	43
Investment dividends reinvested	(179,906)	(47,075)
Principal payment of operating lease liability	(7,261)	(6,505)
Decrease (increase) in:		
Prepaid expenses	752	(4,803)
Increase (decrease) in:		
Accounts payable	(7,912)	1,169
Accrued expenses	3,010	(295)
Cash flows provided by (used for) operating activities	$ (205,981)	$ (254,390)
Cash flows from investing activities:		
Purchase of property and equipment	$ (69,507)	$ (62,395)
Proceeds from disposal of property plant and equipment	-	420,228
Purchase of investments	-	(75,000)
Cash flows provided by (used for) investing activities	$ (69,507)	$ 282,833
Net increase (decrease) in cash and cash equivalents	$ (275,488)	$ 28,443
Cash and cash equivalents, beginning of year	371,235	342,792
Cash and cash equivalents, end of year	$ 95,747	$ 371,235
Supplemental Disclosures for Cash Flow Information		
Noncash transactions:		
Recognition of operating right-of-use-asset	$ -	$ 38,578
Recognition of operating lease liability	-	38,578

The accompanying notes are an integral part of this financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of Activities

Joy Ranch, Inc. (the Organization) is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia for the purpose of providing temporary and permanent housing for children who are unable to live with their parents or guardians. Joy Ranch, Inc. has approximately 62 acres and a capacity for 48 children and considers the spiritual, moral, physical and educational well-being of the child when determining care. Joy Ranch, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

B. Basis of Accounting

The Organization maintains its assets and liabilities, and records its income and expenses by use of the accrual basis of accounting. Under the accrual basis, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

C. Financial Statement Presentation

Joy Ranch, Inc., is required to report information regarding its financial position and activities according to two classes of net assets based on existence or absence of donor-imposed restrictions:

Net Assets Without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization as well as net assets whose use is limited by donor-imposed time and/or purpose restrictions.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying value.

E. Investments

The Organization reports investments in equity securities with readily determinable fair values at fair value in the statement of financial position and any related realized and unrealized gains and losses are reported in the statement of activities.

F. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Fair Value Measurements (Continued)

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Inputs to valuations are obtained from third party pricing services for identical or similar assets or liabilities and include observable inputs other than quoted prices in Level 1, such as quoted prices for similar assets or liabilities.

Level 3 – Inputs to valuations for assets and liabilities that are derived from other unobservable inputs that are supported by little or no market activity and are significant to the fair value, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions.

For the year ended December 31, 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Investments: Investments include equities, international equities, fixed income, international fixed income, short-term inflation pro sec, REITs, money markets, and certificates of deposit. The fair values of investments are based on quoted market prices for those or similar investments.

G. Property and Equipment

Property and equipment acquired by Joy Ranch, Inc. are considered to be owned by the Organization. Purchased property is recorded at cost or estimated cost. Donated property and equipment are recorded at their estimated fair value at the time of donation. Such contributions are reported as revenue without donor restrictions unless the donor has restricted the contributed asset to a specific purpose. Assets contributed with explicit restrictions regarding their use are reported as donor restricted support.

The Organization's capitalization policy identifies the following major classes of assets and establishes a capitalization threshold for each class. Additionally, depreciation of all such items is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Class	Capitalization Threshold	Useful Life
Land Improvements	$ 3,000	25 years
Buildings and Improvements	1,000	30-50 years
Machinery and Equipment	1,000	7-30 years
Office or Cottage Equipment	500	7-30 years
Land	Any Amount	N/A

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H. Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has no provision for Federal income taxes in the accompanying financial statements. A form 990 as required by the Internal Revenue Service will be filed for the year ended December 31, 2024.

I. Donated Goods and Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

The Organization also receives a significant amount of donated goods that it recognizes at the fair market value of the goods at the time of receipt. These goods are recorded as in-kind revenues on the Organization's statement of activities.

J. Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation and utilities and oil which are allocated on estimated usage as well as salaries and related benefits which are allocated based on estimated time and effort. All other expenses are allocated based on direct charges.

K. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from these estimates and assumptions.

L. Comparative Totals

Comparative totals are presented for informational purposes only. Some amounts have been reclassified to conform with the presentation in the current year financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS:

For year ending December 31, 2024, Joy Ranch, Inc. has cash and cash equivalents with financial institutions which did not exceed federally insured limits.

Investments consist of the following at December 31:

		Fair Value Measurements		
	2024	Level 1	Level 2	Level 3
Cambridge Investment Research				
CDs	$ 700,254	$ 700,254	$ -	$ -
Mutual Funds	479,677	479,677	-	-
Money Market Fund	225,719	225,719	-	-
GBU Annuity Company				
Annuity	283,509	-	-	283,509
Total Investments	$ 1,689,159			

The Organization does not have a formally adopted investment policy.

NOTE 3 - PROPERTY AND EQUIPMENT:

A summary of property and equipment at December 31, follows:

	2024	2023
Land	$ 310,671	$ 310,671
Buildings and Improvements	2,440,289	2,393,139
Furniture and Equipment	416,306	393,949
Vehicles	213,624	213,624
Signs	8,940	8,940
Construction in Progress	250	250
Paving	22,222	22,222
Total	$ 3,412,302	$ 3,342,795
Less: Accumulated Depreciation	2,177,736	2,092,499
Net Property and Equipment	$ 1,234,566	$ 1,250,296

Depreciation expense for the year ended December 31, 2024 totaled $85,237.

NOTE 4 - RETIREMENT PLAN:

Joy Ranch, Inc. maintains a simple retirement plan for its employees. All full-time employees of the Organization are eligible to participate in the plan after one year of employment. Part-time employees may be eligible to participate following one year of employment providing they have received $5,000 or more in compensation during any one-year period. Employees who elect to participate will receive up to 3% of their salary in retirement benefits. Employees may terminate their participation at any time during the calendar year. The amount of retirement expense at December 31, 2024 and 2023 was $3,781 and $4,320, respectively.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS:

At December 31, 2024, net assets with donor restrictions are available for the following purposes:

Campus Trips for Kids	$ 7,010
Homeschool	15,270
Total Net Assets with Donor Restrictions	$ 22,280

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while attempting to maximize the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	2024
Cash and cash equivalents	$ 95,747
Investments	1,689,159
Donor imposed restrictions	(22,280)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,762,626

The Organization does not have a formal policy related to investing excess cash and maintaining balances.

NOTE 7 – IN-KIND CONTRIBUTIONS:

Details of in-kind contributions included in the statement of activities are comprised of the following:

Type	2024	Donor Restriction	Fair Value Techniques
Goods and supplies	$ 4,874	None	Estimated values based on similar products purchased or available in the area

NOTE 8—LEASING ACTIVITIES:

The Organization has an operating lease agreement for copier equipment. The lease has a remaining term of 3.63 years. Lease terms exclude any extension options that the Organization is not reasonably certain to exercise; therefore, no extensions have been included in the current year calculations. The discount rate is approximated by the prime rate plus 1 as of the lease issuance date for agreements that do not contain an implicit rate.

The following summarized the weighted average remaining lease term and discount rate as of December 31:

	Operating leases
Weighted average remaining lease term	3.63
Discount rate	5%

Total operating lease expense totaled $8,565 and cash payments totaled $8,700 for the fiscal year. There were no noncash investing and financing transactions related to leasing during the year.

NOTE 8—LEASING ACTIVITIES: (Continued)

Future maturities of lease liabilities are as follows:

Year	Operating Leases
2025	$ 8,700
2026	8,700
2027	8,700
2028	725
Total Lease Payments	$ 26,825
Less Interest	(2,013)
Present Value of Lease Liabilities	24,812

NOTE 9 – DATE OF MANAGEMENT'S REVIEW:

In preparing these financial statements, management of Joy Ranch, Inc. has evaluated events and transactions for potential recognition of disclosure through February 3, 2025, the date the financial statements were available to be issued.