

**AGRICULTURE FUTURE OF AMERICA  
FINANCIAL STATEMENTS  
AS OF FEBRUARY 29, 2020 AND FEBRUARY 28, 2019  
AND FOR THE YEARS THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT**

**AGRICULTURE FUTURE OF AMERICA  
FINANCIAL STATEMENTS  
AS OF FEBRUARY 29, 2020 AND FEBRUARY 28, 2019  
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WITH INDEPENDENT AUDITORS' REPORT**

**TABLE OF CONTENTS**

|   |   |
|---|---|
| Independent Auditors' Report.....         | 1 |
| Statements of Financial Position .....    | 3 |
| Statements of Activities .....            | 4 |
| Statements of Changes in Net Assets ..... | 5 |
| Statements of Cash Flows.....             | 6 |
| Notes to Financial Statements.....        | 7 |



## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Agriculture Future of America  
Kansas City, Missouri

We have audited the accompanying financial statements of

### **AGRICULTURE FUTURE OF AMERICA**

which comprise the statements of financial position as of February 29, 2020 and February 28, 2019, and the related statements of activities, changes in net assets and cash flows for the years 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.

#### **Auditors' Responsibility**

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

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Agriculture Future of America as of February 29, 2020 and February 28, 2019, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

  
CERTIFIED PUBLIC ACCOUNTANTS

Westwood, Kansas  
June 19, 2020

**AGRICULTURE FUTURE OF AMERICA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF FEBRUARY 29, 2020 AND FEBRUARY 28, 2019**

|   | <u>2020</u>                | <u>2019</u>                |
|---|----------------------------|----------------------------|
| <b><u>ASSETS</u></b>                        |                            |                            |
| Cash  | \$ 788,354                 | \$ 846,589                 |
| Assets whose use is limited                 | 3,697,222                  | 3,532,814                  |
| Pledges receivable                          | 85,771                     | 315,538                    |
| Prepaid expenses and other current assets   | 28,340                     | 33,562                     |
| Property and equipment - net                | <u>237,574</u>             | <u>78,160</u>              |
| <b>TOTAL ASSETS</b>                         | <b><u>\$ 4,837,261</u></b> | <b><u>\$ 4,806,663</u></b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>    |                            |                            |
| <b><u>LIABILITIES</u></b>                   |                            |                            |
| Accounts payable                            | \$ 100,538                 | \$ 23,274                  |
| Scholarships payable                        | 58,927                     | 77,515                     |
| Accrued liabilities                         | <u>152,317</u>             | <u>15,530</u>              |
| <b>TOTAL LIABILITIES</b>                    | <b><u>311,782</u></b>      | <b><u>116,319</u></b>      |
| <b><u>NET ASSETS</u></b>                    |                            |                            |
| Net assets without donor restrictions       |                            |                            |
| Board-designated                            | 3,546,082                  | 3,378,512                  |
| Undesignated                                | <u>218,550</u>             | <u>259,705</u>             |
| Total net assets without donor restrictions | 3,764,632                  | 3,638,217                  |
| Net assets subject to donor restrictions    | <u>760,847</u>             | <u>1,052,127</u>           |
| <b>TOTAL NET ASSETS</b>                     | <b><u>4,525,479</u></b>    | <b><u>4,690,344</u></b>    |
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b>   | <b><u>\$ 4,837,261</u></b> | <b><u>\$ 4,806,663</u></b> |

See auditors' report and accompanying notes to financial statements.

**AGRICULTURE FUTURE OF AMERICA  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019**

|  | <u>2020</u>             | <u>2019</u>            |
|--|-------------------------|------------------------|
| <b><u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</u></b>        |                         |                        |
| <b><u>SUPPORT</u></b>  |                         |                        |
| Contributions  | \$ 1,393,123            | \$ 1,205,522           |
| Net assets released from restrictions                                  | 617,988                 | 244,438                |
| TOTAL SUPPORT  | <u>2,011,111</u>        | <u>1,449,960</u>       |
| <b><u>REVENUES</u></b>   |                         |                        |
| Conferences  | 1,699,245               | 1,696,177              |
| Loss on disposal of fixed assets                                       | (36)                    | (160)                  |
| Miscellaneous income   | 1,221                   | -                      |
| Investment income  | 196,607                 | 51,686                 |
| TOTAL REVENUES   | <u>1,897,037</u>        | <u>1,747,703</u>       |
| <br>TOTAL SUPPORT AND REVENUES   | <br><u>3,908,148</u>    | <br><u>3,197,663</u>   |
| <b><u>OPERATING EXPENSES</u></b>                                       |                         |                        |
| Program  | 3,111,358               | 2,988,667              |
| General and administrative   | 351,988                 | 305,480                |
| Fundraising  | 318,387                 | 276,932                |
| TOTAL OPERATING EXPENSES   | <u>3,781,733</u>        | <u>3,571,079</u>       |
| <br>INCREASE (DECREASE) IN NET ASSETS WITHOUT<br>DONOR RESTRICTIONS    | <br><u>126,415</u>      | <br><u>(373,416)</u>   |
| <br><b><u>CHANGES IN NET ASSETS SUBJECT TO DONOR RESTRICTIONS:</u></b> |                         |                        |
| Contributions  | 316,794                 | 555,649                |
| Investment income  | 9,914                   | (3,099)                |
| Net assets released from restrictions                                  | <u>(617,988)</u>        | <u>(244,438)</u>       |
| <br>INCREASE (DECREASE) IN NET ASSETS SUBJECT<br>TO DONOR RESTRICTIONS | <br><u>(291,280)</u>    | <br><u>308,112</u>     |
| <br>DECREASE IN NET ASSETS   | <br><u>\$ (164,865)</u> | <br><u>\$ (65,304)</u> |

See auditors' report and accompanying notes to financial statements.



**AGRICULTURE FUTURE OF AMERICA  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019**

|  | Net Assets Without Donor Restrictions |              |              | Net Assets<br>Subject To Donor<br>Restrictions | Total<br>Net Assets |
|--|---------------------------------------|--------------|--------------|--|---------------------|
|  | Board<br>Designated                   | Undesignated | Total        |  |                     |
| Balance, February 28, 2018                                   | \$ 3,210,368                          | \$ 801,265   | \$ 4,011,633 | \$ 744,015                                     | \$ 4,755,648        |
| Change in net assets for the<br>year ended February 28, 2019 | 168,144                               | (541,560)    | (373,416)    | 308,112  | (65,304)            |
| Balance, February 28, 2019                                   | 3,378,512                             | 259,705      | 3,638,217    | 1,052,127                                      | 4,690,344           |
| Change in net assets for the<br>year ended February 29, 2020 | 167,570                               | (41,155)     | 126,415      | (291,280)                                      | (164,865)           |
| Ending Balance, February 29, 2020                            | \$ 3,546,082                          | \$ 218,550   | \$ 3,764,632 | \$ 760,847                                     | \$ 4,525,479        |

See auditors' report and accompanying notes to financial statements.

**AGRICULTURE FUTURE OF AMERICA**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019**

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u>  |                   |                   |
| Change in net assets   | \$ (164,865)      | \$ (65,304)       |
| Adjustments to reconcile change in net assets to<br>net cash provided by (used in) operating activities: |                   |                   |
| Depreciation   | 64,555            | 66,417            |
| (Gain) loss on investments   | (69,848)          | 98,636            |
| Loss on disposal of fixed assets   | 36                | 160               |
| Changes in operating assets and liabilities:   |                   |                   |
| Pledges receivable   | 229,767           | (304,038)         |
| Inventory  | -                 | 42,898            |
| Prepaid expenses   | 5,222             | (1,223)           |
| Accounts payable   | 77,264            | (7,800)           |
| Scholarships payable   | (18,588)          | 9,080             |
| Accrued liabilities  | 136,787           | 4,723             |
| Net adjustment   | 425,195           | (91,147)          |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES  | <u>260,330</u>    | <u>(156,451)</u>  |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>  |                   |                   |
| Acquisition of equipment   | (224,055)         | (21,418)          |
| Proceeds from sale of investments  | 50                | 287,662           |
| Acquisition of investments   | (94,560)          | (550,808)         |
| NET CASH USED IN INVESTING ACTIVITIES  | <u>(318,565)</u>  | <u>(284,564)</u>  |
| NET CASH PROVIDED BY FINANCING ACTIVITIES  | <u>-</u>          | <u>-</u>          |
| NET DECREASE IN CASH   | (58,235)          | (441,015)         |
| CASH, BEGINNING OF YEAR  | <u>846,589</u>    | <u>1,287,604</u>  |
| CASH, END OF YEAR  | <u>\$ 788,354</u> | <u>\$ 846,589</u> |

See auditors' report and accompanying notes to financial statements.



**AGRICULTURE FUTURE OF AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Nature of Operations

Agriculture Future of America (the Future), a not-for-profit organization, establishes community coalitions to leverage corporation and foundation resources to assist college-age men and women in preparing for their agriculture-related careers. The Future's programs include a combination of raising funds for scholarships, conducting leadership conferences and identifying internship opportunities.

Cash

Cash consists of demand deposit accounts, a money market account and certificates of deposit, that are held at financial institutions. From time to time, the Future maintains cash balances with financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limit. The Future has suffered no loss from this risk.

Assets Whose Use is Limited

Assets whose use is limited are comprised of board-designated investments and donor-restricted endowment funds. Assets whose use is limited are comprised of investments held in the Agriculture Future of America Scholarship Fund at UMB Bank and reported at fair market value.

Property and Equipment

The Future capitalizes significant acquisitions of office equipment and software, which are recorded at cost. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the improvements. Depreciation is provided for on an accelerated basis over estimated lives of 5 to 7 years for the equipment and 36-month straight-line amortization for the software.

Subsequent Events

Subsequent events have been evaluated through June 19, 2020, which is the date the accompanying financial statements were available to be issued.

**AGRICULTURE FUTURE OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A** - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes

The Future is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements; it is not classified as a private foundation. Income tax returns filed by the Future on Form 990 are subject to examination by the Internal Revenue Service (IRS) for three years after the date filed, with the result that taxable years ending in 2020, 2019, 2018 and 2017 remain open as of June 19, 2020, although no returns have been selected for examination by the IRS. Management has evaluated tax positions taken or expected to be taken in the course of preparing the Future's tax returns with assistance from the Future's tax preparer to determine whether its tax positions are more likely than not to be sustained by applicable taxing authorities; likely tax positions are reported in these financial statements, and management is not aware of any unlikely tax positions, with the result that no unlikely tax positions are reported.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent 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.

Net Assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Future, net assets are delineated into groups according to their nature and purpose as follows:

- Without Donor Restrictions - The portion of expendable resources immediately available to support general operations. The board has designated a portion of net assets without donor restrictions for board initiatives, specifically including a \$250,000 operating initiative.
- Subject To Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**AGRICULTURE FUTURE OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A** - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Recognition of Support, Revenue and Expense Accrual

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. The Future reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets subject to donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Expenses are recorded when incurred on the accrual basis in accordance with generally accepted accounting principles.

Donated Goods and Services

The Future recognizes contribution support and program expense for donated services at the fair value of those services. Additionally, the Future records contribution support and program expense at the fair value of donated goods and other supplies on the date the contribution is received. Volunteers donate services to assist the Future in the conduct of its programs and administration. Under generally accepted accounting principals, such services are not recorded in these financial statements, as they are general in nature and do not require specialized skills.

Fair Value

Fair value is defined as 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 utilizing a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs are used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Scholarships Payable

The Future reports scholarships payable as scholarships awarded but not paid less the estimated scholarships that will not be paid due to changes in the recipient student's situation. The Future estimates scholarships payable based on a four year rolling average.



**AGRICULTURE FUTURE OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A** - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Advertising and Promotion

Advertising and promotion costs are charged to operations when incurred.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expense require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and in-kind expenses, which are allocated on basis of asset usage. Professional services and other office expense are also allocated based on program usage.

Reclassification

Certain amounts in the prior year have been reclassified in order to conform to current year presentation; specifically the allocation between net assets without donor restrictions and net assets subject to donor restrictions. This reclassification had no effect on the increase (decrease) in net assets.

**NOTE B** - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

|  |                   |
|--|-------------------|
| Cash   | \$ 788,354        |
| Assets whose use is limited  | 3,697,222         |
| Pledges receivable   | 85,771            |
| Financial assets at year-end   | <u>4,571,347</u>  |
| Less those unavailable for general expenditure within one year due to:                 |                   |
| Board-designated investments   | 3,546,082         |
| Donor-restricted for scholarships  | 523,935           |
| Donor-restricted endowment to maintain in perpetuity                                   | 108,550           |
| Donor-restricted endowment subject to appropriation                                    | 42,590            |
|  | <u>4,221,157</u>  |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 350,190</u> |

The Future regularly monitors liquidity requirements needed to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investments of its funds not required for annual operations.

**AGRICULTURE FUTURE OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C** - ASSETS WHOSE USE IS LIMITED

At February 29, 2020 and February 28, 2019, all investments are reported as assets whose use is limited at Level 1 fair values as follows:

|                         | February 29, 2020   |                  |                     |
|-------------------------|---------------------|------------------|---------------------|
|                         | Fair Market Value   | Unrealized Gain  | Cost                |
| Equity securities       | \$ 2,090,667        | \$ 2,647         | \$ 2,088,020        |
| Fixed income securities | 1,314,474           | 84,228           | 1,230,246           |
| Cash                    | 292,081             | -                | 292,081             |
|                         | <u>\$ 3,697,222</u> | <u>\$ 86,875</u> | <u>\$ 3,610,347</u> |

  

|                         | February 28, 2019   |                     |                     |
|-------------------------|---------------------|---------------------|---------------------|
|                         | Fair Market Value   | Unrealized Loss     | Cost                |
| Equity securities       | \$ 2,171,946        | \$ (119,412)        | \$ 2,291,358        |
| Fixed income securities | 1,166,598           | (2,670)             | 1,169,268           |
| Cash                    | 194,270             | -                   | 194,270             |
|                         | <u>\$ 3,532,814</u> | <u>\$ (122,082)</u> | <u>\$ 3,654,896</u> |

As of February 29, 2020 and February 28, 2019, investment use limitations are summarized as follows:

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| Board-designated investments                   | \$ 3,546,082        | \$ 3,387,588        |
| Donor-restricted endowment fund:               |                     |                     |
| Restricted to be maintained in perpetuity      | 108,550             | 108,550             |
| Accumulated earnings subject to appropriations | 42,590              | 36,676              |
| Total  | <u>\$ 3,697,222</u> | <u>\$ 3,532,814</u> |

**AGRICULTURE FUTURE OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C** - ASSETS WHOSE USE IS LIMITED - continued

The following is a summary of investment income for the years ended February 29, 2020 and February 28, 2019:

|                                  | <u>2020</u>              | <u>2019</u>             |
|----------------------------------|--------------------------|-------------------------|
| Interest and dividend income     | \$ 145,681               | \$ 155,760              |
| Realized gain (loss)             | (17,027)                 | 23,446                  |
| Unrealized gain (loss)           | <u>86,875</u>            | <u>(122,082)</u>        |
|                                  | 215,529                  | 57,124                  |
| Less: investment management fees | <u>(9,008)</u>           | <u>(8,537)</u>          |
| Net investment income            | <u><u>\$ 206,521</u></u> | <u><u>\$ 48,587</u></u> |

Investment income is reported in the statements of activities as follows:

|                               | <u>2020</u>              | <u>2019</u>             |
|-------------------------------|--------------------------|-------------------------|
| Without donor restrictions    | \$ 196,607               | \$ 51,686               |
| Subject to donor restrictions | <u>9,914</u>             | <u>(3,099)</u>          |
|                               | <u><u>\$ 206,521</u></u> | <u><u>\$ 48,587</u></u> |

**NOTE D** - PLEDGES RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at February 29, 2020 and February 28, 2019:

|                 | <u>2020</u>             | <u>2019</u>              |
|-----------------|-------------------------|--------------------------|
| Within one year | <u><u>\$ 85,771</u></u> | <u><u>\$ 315,538</u></u> |

At February 29, 2020, two donors account for 82% of total pledges receivable.



**AGRICULTURE FUTURE OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E** - PROPERTY AND EQUIPMENT

As of February 29, 2020 and February 28, 2019, property and equipment consisted of the following:

|                                | 2020              | 2019             |
|--------------------------------|-------------------|------------------|
| Cost                           |                   |                  |
| Office equipment               | \$ 205,246        | \$ 123,884       |
| Software and product licenses  | 160,806           | 160,806          |
| Leasehold improvements         | 244,384           | 102,440          |
| Total cost                     | 610,436           | 387,130          |
| Less: Accumulated Depreciation | (372,862)         | (308,970)        |
| Property and Equipment - net   | <u>\$ 237,574</u> | <u>\$ 78,160</u> |
| Depreciation expense           | <u>\$ 64,555</u>  | <u>\$ 66,417</u> |

**NOTE F** - EMPLOYEE BENEFIT PLAN

The Future's Simplified Employee Pension Retirement Plan (the Plan) provides that the Future may contribute 5% of annual compensation to eligible employees subject to IRS limits. Every employee is eligible to participate in the Plan upon completing one year of service. During the years ended February 29, 2020 and February 28, 2019 the Future contributed \$49,134 and \$58,589, respectively, to the Plan.

**NOTE G** - LEASES

During the year ended February 29, 2020, the Future entered into a contract to lease office space in Kansas City, Missouri expiring in May 2024. Future minimum rentals under the non-cancelable operating lease for the next five years and in aggregate are summarized as follows:

| <u>Year Ending February 28 or 29,</u> | <u>Total</u>      |
|---------------------------------------|-------------------|
| 2021                                  | \$ 79,446         |
| 2022                                  | 81,048            |
| 2023                                  | 82,663            |
| 2024                                  | 84,314            |
| 2025                                  | 21,182            |
| Thereafter                            | <u>-</u>          |
|                                       | <u>\$ 348,653</u> |

**AGRICULTURE FUTURE OF AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE H - IN-KIND DONATIONS**

For the years ended February 29, 2020 and February 28, 2019, the Future recognized in-kind contribution support for certain goods and services received at the following fair values:

|      | <u>2020</u>      | <u>2019</u>      |
|------|------------------|------------------|
| Rent | <u>\$ 16,473</u> | <u>\$ 45,548</u> |

**NOTE I - ENDOWMENT**

The Future maintains an endowment whose main purpose is to support scholarships and program development. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Future has interpreted the State of Missouri's Prudent Management of Institutional Funds Act (SPMIFA) as requiring that it act prudently with respect to each endowment in determining whether to appropriate funds for expenditure from the endowment or accumulate funds in the endowment. As a result of this interpretation, absent explicit donor stipulations to the contrary, the Future classifies the following as assets with donor restrictions to be retained in perpetuity: 1) the original value of gifts donated to the endowment; 2) the original value of subsequent gifts to the endowment; and 3) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. On occasion, absent explicit donor stipulations to the contrary, the Future has determined that it is prudent to continue funding certain programs even though the only funds available in the endowments used to fund such programs have been classified as with donor restrictions. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Future considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund;
- Purposes of the Future and the fund;
- General economic conditions;
- Possible effect of inflation and deflation;
- Expected total return from investment income and appreciation or depreciation of investments;
- Other resources of the Future; and
- Investment policies of the Future.

From time-to-time, the fair value of assets associated with donor-restricted endowment funds may fall below the amount required to be maintained by donors (underwater endowments). As of February 29, 2020 and February 28, 2019, there were no such deficiencies.

**AGRICULTURE FUTURE OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE I - ENDOWMENT - continued**

The assets of the endowment are held in Trust by UMB Bank, n.a. Under the Future's investment policy, endowment assets are invested in a manner that is intended to preserve inflation-adjusted values and provide annual budgetary support that is both stable and growing. To satisfy its long-term rate of return objectives, the Future relies on a total return strategy in which investment returns are achieved through both a current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Future targets a diversified asset allocation, including, but not limited to, equity and fixed income instruments.

At February 29, 2020 and February 28, 2019, Collins Scholarship Fund endowment funds are summarized as follows:

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Donor-restricted endowment fund:               |                   |                   |
| Restricted to be maintained in perpetuity      | \$ 108,550        | \$ 108,550        |
| Accumulated earnings subject to appropriations | 42,590            | 36,676            |
|  | <u>\$ 151,140</u> | <u>\$ 145,226</u> |

As of February 29, 2020 and February 28, 2019, reconciliation of endowment funds are summarized as follows:

|                                   | 2020              | 2019              |
|-----------------------------------|-------------------|-------------------|
| Beginning balance                 | \$ 145,226        | \$ 148,325        |
| Investment income                 | 9,914             | (3,099)           |
| Appropriation of endowment assets | (4,000)           | -                 |
| Ending balance                    | <u>\$ 151,140</u> | <u>\$ 145,226</u> |

**AGRICULTURE FUTURE OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE J - NET ASSETS SUBJECT TO DONOR RESTRICTIONS**

As of February 29, 2020 and February 28, 2019, net assets subject to donor stipulations consisted of the following:

|   | <u>2020</u>       | <u>2019</u>         |
|---|-------------------|---------------------|
| Subject to expenditure for specified purpose:   |                   |                     |
| Scholarships                                    | <u>\$ 523,935</u> | <u>\$ 591,363</u>   |
| Subject to the passage of time:                 |                   |                     |
| Pledges receivable                              | <u>\$ 85,772</u>  | <u>\$ 315,538</u>   |
| Endowments:                                     |                   |                     |
| Funds restricted to be maintained in perpetuity | \$ 108,550        | \$ 108,550          |
| Accumulated earnings subject to appropriations  | <u>42,590</u>     | <u>36,676</u>       |
|   | <u>151,140</u>    | <u>145,226</u>      |
| Total Net Assets Subject to Donor Restrictions  | <u>\$ 760,847</u> | <u>\$ 1,052,127</u> |

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other specified events specified by the donors as follows for the years ended February 29, 2020 and February 28, 2019:

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| Satisfaction of purpose restrictions              | \$ 298,450        | \$ 232,938        |
| Expiration of time restrictions                   | 315,538           | 11,500            |
| Appropriation of endowment assets                 | <u>4,000</u>      | <u>-</u>          |
| Total Net Assets Released from Donor Restrictions | <u>\$ 617,988</u> | <u>\$ 244,438</u> |

**NOTE K - CONCENTRATION OF REVENUE SOURCES**

During the year ended February 29, 2020, approximately 20% of the Future's total support and revenue was provided by one contributor.

**NOTE L - RISKS AND UNCERTAINTIES**

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Future, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes the Future is taking appropriate actions to mitigate the negative impact however, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.



**AGRICULTURE FUTURE OF AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE M - SUBSEQUENT EVENTS**

In May 2020, the Future applied and was approved for a \$194,000 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The uncollateralized loan has a fixed rate of 1.00%, monthly payments of principal and interest begin December 2020, maturing May 2022. The Future is eligible for loan forgiveness of certain amounts upon meeting certain requirements.

In April 2020, the Future received a contribution of \$500,000 from a donor. The contribution is restricted for the purpose of providing youth leader and academic scholarships.

AGRICULTURE FUTURE OF AMERICA  
NOTES TO FINANCIAL STATEMENTS

NOTE N - FUNCTIONAL EXPENSES

The following is a summary of functional expenses for the years ended February 29, 2020 and February 28, 2019:

|                                       | 2020         |              |                             |             | 2019         |              |                             |             |
|---------------------------------------|--------------|--------------|-----------------------------|-------------|--------------|--------------|-----------------------------|-------------|
|                                       | Total        | Programs     | General &<br>Administrative | Fundraising | Total        | Programs     | General &<br>Administrative | Fundraising |
| Administrative salaries               | \$ 712,921   | \$ 616,363   | \$ 56,406                   | \$ 40,152   | \$ 725,293   | \$ 610,805   | \$ 50,302                   | \$ 64,186   |
| Bonus compensation                    | 133,645      | -            | 26,729                      | 106,916     | 37,161       | -            | 7,349                       | 29,812      |
| Officer salaries                      | 359,255      | 278,089      | 15,080                      | 66,086      | 329,399      | 263,519      | 15,163                      | 50,717      |
| Payroll taxes                         | 79,173       | 66,049       | 5,279                       | 7,845       | 81,178       | 67,295       | 5,039                       | 8,844       |
| Retirement plan                       | 49,134       | 40,989       | 3,276                       | 4,869       | 58,589       | 48,569       | 3,637                       | 6,383       |
| Health, life and disability insurance | 128,489      | 118,502      | 9,987                       | -           | 134,965      | 122,487      | 12,478                      | -           |
| Total Personnel Costs                 | 1,462,617    | 1,119,992    | 116,757                     | 225,868     | 1,366,585    | 1,112,675    | 93,968                      | 159,942     |
| Scholarships                          | 374,486      | 374,486      | -                           | -           | 385,037      | 385,037      | -                           | -           |
| Program & speakers                    | 211,131      | 211,131      | -                           | -           | 181,172      | 181,172      | -                           | -           |
| Hotel & meals                         | 788,288      | 788,288      | -                           | -           | 739,881      | 739,881      | -                           | -           |
| Community promotions                  | 1,230        | 1,230        | -                           | -           | 2,318        | 2,318        | -                           | -           |
| Program development                   | 48,545       | 48,545       | -                           | -           | 34,604       | 34,604       | -                           | -           |
| Partner relations                     | 1,197        | -            | -                           | 1,197       | 40           | -            | -                           | 40          |
| Advertising & promotion               | 41,064       | 23,814       | -                           | 17,250      | 62,035       | 26,302       | -                           | 35,733      |
| Special events                        | 4,744        | 4,744        | -                           | -           | 7,058        | 7,058        | -                           | -           |
| Consultant services                   | 41,583       | -            | 41,583                      | -           | 150          | -            | 150                         | -           |
| Staging & displays                    | 147,739      | 147,739      | -                           | -           | 115,595      | 115,595      | -                           | -           |
| Printing & design                     | 21,292       | 14,194       | 7,098                       | -           | 22,200       | 19,807       | 2,393                       | -           |
| Photography/video production          | 7,073        | 7,073        | -                           | -           | 6,755        | 6,755        | -                           | -           |
| Outside services                      | 19,936       | 6,231        | 13,705                      | -           | 148,708      | 62,730       | 85,978                      | -           |
| ASP hosting service                   | 33,200       | 24,111       | 9,089                       | -           | 37,799       | 29,530       | 8,269                       | -           |
| Office expense                        | 24,761       | 4,024        | 20,737                      | -           | 1,984        | 1,967        | 17                          | -           |
| Freight & postage                     | 4,666        | 1,358        | 3,308                       | -           | 2,798        | 475          | 2,323                       | -           |
| Rent                                  | 75,177       | 59,593       | 15,584                      | -           | 45,548       | 35,573       | 9,975                       | -           |
| Telephone                             | 5,516        | 1,999        | 3,517                       | -           | 6,833        | 3,028        | 3,805                       | -           |
| Travel                                | 203,353      | 129,281      | -                           | 74,072      | 189,151      | 107,934      | -                           | 81,217      |
| Legal & accounting                    | 139,548      | 97,892       | 41,656                      | -           | 123,950      | 79,448       | 44,502                      | -           |
| Dues and subscriptions                | 2,463        | 715          | 1,748                       | -           | 4,314        | 695          | 3,619                       | -           |
| Education & training                  | 22,715       | 12,640       | 10,075                      | -           | 10,741       | 2,875        | 7,866                       | -           |
| Directors meeting expenses            | 34,854       | -            | 34,854                      | -           | 8,761        | -            | 8,761                       | -           |
| Interest                              | 0            | -            | -                           | -           | 645          | -            | 645                         | -           |
| Depreciation                          | 64,555       | 32,278       | 32,277                      | -           | 66,417       | 33,208       | 33,209                      | -           |
| Total Expenses                        | \$ 3,781,733 | \$ 3,111,358 | \$ 351,988                  | \$ 318,387  | \$ 3,571,079 | \$ 2,988,667 | \$ 305,480                  | \$ 276,932  |