

Agriculture Future of America

Financial Statements

February 28, 2023 and 2022



**Agriculture Future of America
Table of Contents**

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Independent Auditor's Report

Board of Directors
Agriculture Future of America

Opinion

We have audited the financial statements of Agriculture Future of America, which comprise the statements of financial position as of February 28, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Agriculture Future of America as of February 28, 2023 and 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Agriculture Future of America and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Agriculture Future of America's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Bergan KDV, LLC

Minneapolis, Minnesota
July 6, 2023

Agriculture Future of America
Statements of Financial Position
As of February 28, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash	\$ 173,889	\$ 81,296
Pledges receivable	850,764	155,440
Prepaid expenses and other current assets	81,499	111,045
Total current assets	<u>1,106,152</u>	<u>347,781</u>
Investments	5,062,510	6,211,005
Property and equipment, net	207,782	299,013
Right-of-use asset - operating lease	105,496	188,159
Total assets	<u><u>\$ 6,481,940</u></u>	<u><u>\$ 7,045,958</u></u>
Liabilities and Net Assets		
Current liabilities		
Current portion of operating lease liabilities	\$ 70,192	\$ 82,663
Accounts payable	72,531	22,124
Scholarships payable	67,219	40,099
Contract liabilities	86,431	142,408
Accrued expenses	78,946	66,753
Total current liabilities	<u>375,319</u>	<u>354,047</u>
Long-term liabilities		
Operating lease liabilities	35,304	105,496
Total liabilities	<u>410,623</u>	<u>459,543</u>
Net assets		
Without donor restrictions		
Designated by the Board for operating reserve	3,871,639	4,672,898
Undesignated	619,328	1,033,125
Total without donor restrictions	<u>4,490,967</u>	<u>5,706,023</u>
With donor restrictions	1,580,350	880,392
Total net assets	<u>6,071,317</u>	<u>6,586,415</u>
Total liabilities and net assets	<u><u>\$ 6,481,940</u></u>	<u><u>\$ 7,045,958</u></u>

Agriculture Future of America
Statements of Activities
Years Ended February 28, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions		
Revenues, gains and public support		
Conference contributions	\$ 2,488,164	\$ 1,775,845
Gain on loan extinguishment - PPP	-	218,539
Contributions	1,049,681	1,528,644
Investment return, net	(296,102)	169,217
Other income	8,877	3,848
Net assets released from restrictions	422,112	476,785
Total revenues, gains and public support	<u>3,672,732</u>	<u>4,172,878</u>
Expenses		
Program	3,621,473	3,450,480
Management and general	855,633	604,772
Fundraising	410,682	302,318
Total expenses	<u>4,887,788</u>	<u>4,357,570</u>
Change in net assets without donor restrictions	<u>(1,215,056)</u>	<u>(184,692)</u>
Net assets with donor restrictions		
Contributions	1,136,138	437,066
Investment return, net	(14,068)	7,872
Net assets released from restrictions	(422,112)	(476,785)
Change in net assets with donor restrictions	<u>699,958</u>	<u>(31,847)</u>
Change in net assets	(515,098)	(216,539)
Net assets, beginning of year	<u>6,586,415</u>	<u>6,802,954</u>
Net assets, end of year	<u><u>\$ 6,071,317</u></u>	<u><u>\$ 6,586,415</u></u>

Agriculture Future of America
Statement of Functional Expenses
Year Ended February 28, 2023

	Program Services	Management and General	Fundraising	Total
Administrative salaries	\$ 704,372	\$ 138,866	\$ 122,449	\$ 965,687
Officer salaries	231,906	87,759	87,759	407,424
Payroll taxes	66,110	15,742	14,547	96,399
Retirement plan	51,231	12,199	11,273	74,703
Health, life and disability insurance	111,862	26,636	24,613	163,111
Total salaries and related expenses	<u>1,165,481</u>	<u>281,202</u>	<u>260,641</u>	<u>1,707,324</u>
Scholarships	263,169	-	-	263,169
Program and speakers	206,409	-	-	206,409
Hotel and meals	1,103,934	-	-	1,103,934
Community promotions	1,608	-	-	1,608
Program development	52,142	-	-	52,142
Partner relations	-	-	1,561	1,561
Advertising and promotion	29,813	-	23,624	53,437
Merchandise	9,764	-	-	9,764
Special events	-	-	502	502
Consultant services	-	95,000	-	95,000
Staging and displays	262,198	-	-	262,198
Printing and design	28,751	543	-	29,294
Photography and video production	6,353	-	-	6,353
Outside services	43,749	178,038	-	221,787
ASP hosting service	38,094	15,748	-	53,842
Office expense	7,118	44,422	-	51,540
Freight and postage	575	5,476	-	6,051
Rent	65,073	19,677	-	84,750
Telephone	2,758	3,548	-	6,306
Travel	136,916	-	124,354	261,270
Legal and accounting	133,211	77,489	-	210,700
Dues and subscriptions	420	4,380	-	4,800
Education and training	3,525	50,180	-	53,705
Directors meeting expense	-	19,518	-	19,518
Depreciation and amortization	<u>60,412</u>	<u>60,412</u>	<u>-</u>	<u>120,824</u>
Total expenses by function	<u>\$ 3,621,473</u>	<u>\$ 855,633</u>	<u>\$ 410,682</u>	<u>\$ 4,887,788</u>

**Agriculture Future of America
Statement of Functional Expenses
Year Ended February 28, 2022**

	Program Services	Management and General	Fundraising	Total
Administrative salaries	\$ 759,994	\$ 98,235	\$ 65,358	\$ 923,587
Bonus compensation	-	19,369	77,477	96,846
Officer salaries	288,669	13,491	58,676	360,836
Payroll taxes	79,699	8,453	9,481	97,633
Retirement plan	38,962	4,132	4,635	47,729
Health, life and disability insurance	142,246	15,091	16,920	174,257
Total salaries and related expenses	<u>1,309,570</u>	<u>158,771</u>	<u>232,547</u>	<u>1,700,888</u>
Scholarships	338,848	-	-	338,848
Program and speakers	157,437	-	-	157,437
Hotel and meals	926,109	-	-	926,109
Community promotions	2,192	-	-	2,192
Program development	25,217	-	-	25,217
Partner relations	-	-	2,545	2,545
Advertising and promotion	35,831	-	17,494	53,325
Special events	-	-	6,518	6,518
Consultant services	-	192,734	-	192,734
Staging and displays	218,865	-	-	218,865
Printing and design	9,529	1,776	-	11,305
Photography and video production	10,373	-	-	10,373
Outside services	14,552	9,573	-	24,125
ASP hosting service	41,092	12,500	-	53,592
Office expense	4,483	34,674	-	39,157
Freight and postage	2,055	4,977	-	7,032
Rent	109,639	31,137	-	140,776
Telephone	3,222	3,739	-	6,961
Travel	92,844	-	43,214	136,058
Legal and accounting	121,778	54,351	-	176,129
Dues and subscriptions	280	5,556	-	5,836
Education and training	1,321	61,882	-	63,203
Directors meeting expense	-	7,860	-	7,860
Depreciation and amortization	25,243	25,242	-	50,485
Total expenses by function	<u>\$ 3,450,480</u>	<u>\$ 604,772</u>	<u>\$ 302,318</u>	<u>\$ 4,357,570</u>

Agriculture Future of America
Statements of Cash Flows
Years Ended February 28, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows - Operating Activities		
Change in net assets	\$ (515,098)	\$ (216,539)
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	120,824	50,485
Amortization of ROU assets	70,192	-
Net unrealized/realized (gain) loss on investments	492,448	(22,693)
Changes in operating assets and liabilities		
Pledges receivable	(695,324)	5,310
Prepaid expenses and other assets	29,546	(50,287)
Accounts payable	50,407	(25,393)
Scholarships payable	27,120	1,098
Contracts payable	(55,977)	(55,977)
Accrued expenses	12,193	4,572
Operating lease liabilities	(70,192)	198,385
Net cash flows - operating activities	<u>(533,861)</u>	<u>(111,039)</u>
Cash Flows - Investing Activities		
Purchases of property and equipment	(29,593)	(173,381)
Proceeds from sale of investments	2,321,650	26,736
Purchases of investments	(1,665,603)	(197,554)
Net cash flows - investing activities	<u>626,454</u>	<u>(344,199)</u>
 Net change in cash and cash equivalents	 92,593	 (455,238)
Cash and Cash Equivalents		
Beginning of year	<u>81,296</u>	<u>536,534</u>
End of year	<u>\$ 173,889</u>	<u>\$ 81,296</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for amounts included in the measurement of lease liabilities	<u>\$ 82,663</u>	<u>\$ 80,779</u>
Supplemental Schedule of Noncash Investing and Financing Activities		
ROU assets obtained in exchange for operating lease liabilities	<u>\$ -</u>	<u>\$ 188,159</u>

Agriculture Future of America Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Agriculture Future of America (the Future) is a nonprofit organization that 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.

Accounting Estimates

The preparation of 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.

Concentrations of Credit Risk

Financial instruments which potentially subject the Future to concentrations of credit risk consist principally of cash. The Future's cash is maintained at one financial institution and, at times, is in excess of the FDIC insurance limit.

Pledges Receivable

Pledges receivable are recognized as revenues in the period received and as assets or decreases in liabilities depending on the form of the benefits received. Receivables that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. The discount on these amounts is computed using a risk-free interest rate applicable to the year in which the contribution is made. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. As of February 28 2023 and 2022, no allowance for uncollectible pledges was considered necessary and all pledges were to be received within one year.

Investments

The Future carries its investments at fair value with unrealized gains and losses included in the change in net assets. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Property and Equipment

Property and equipment are carried at cost, or fair value if donated, with depreciation computed on an accelerated basis over the economic useful lives of the assets. The Future capitalizes significant property and equipment expenditures with useful lives greater than one year.

Agriculture Future of America Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Future classifies leases as either operating or finance leases at the commencement date of the lease. A lease is classified as a finance lease if any of the five criteria are met: (1) ownership transfers at the end of the lease term, (2) there is an option to purchase the underlying assets and the lessee is reasonably certain to exercise the option, (3) the term of the lease is for a major part of the remaining economic life of the underlying assets, (4) the present value of the sum of the lease payments and any residual value guaranteed by the lessee equals or exceeds substantially all of the fair value of the underlying assets or (5) the underlying assets are of such a specialized nature that they are expected to have no alternative use to the lessor at the end of the lease term. Leases that do not meet any of the five criteria above for a finance lease are classified as operating leases.

The Future recognizes a right-of-use (ROU) asset and lease liability for each operating and finance lease with a term greater than 12 months at the time of lease inception. The Future does not record a ROU asset or lease liability for leases with an initial term of 12 months or less but continues to record rent expense on a straight-line basis over the lease term. Options to extend or terminate at the sole discretion of the Future are included in the determination of lease term when they are reasonably certain to be exercised. The lease liability represents the present value of future lease payments over the lease term. The Future has elected the practical expedient that allows for private companies to utilize the risk-free rate based on asset class.

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.

Paycheck Protection Program Loan

The Future followed Financial Accounting Standards Board (FASB) Topic 470-*Debt* in accounting for its Paycheck Protection Program (PPP) loan. The proceeds from the loan remained as a liability until forgiven. Once the loan was forgiven and legal release was received, the Future reduced the liability by the amount forgiven and recorded a gain on extinguishment.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

**Agriculture Future of America
Notes to Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor or 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Future is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Revenue Recognition

The Future recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give as of February 28, 2023 and 2022.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses 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 based on related assets usage. Professional services and other office expense are also allocated based on program usage.

Subsequent Events

Management has evaluated subsequent events through July 6, 2023, the date which the financial statements were available for issue.

Agriculture Future of America
Notes to Financial Statements

NOTE 2 - 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 as of February 28, 2023 and 2022:

	2023	2022
Cash	\$ 173,889	\$ 21,295
Pledges receivable	850,764	155,440
Investments	5,062,510	6,271,005
Total financial assets available	6,087,163	6,447,740
Less donor-imposed restrictions	1,580,350	880,392
Less board designated operating reserve	3,871,639	4,672,898
Financial assets available within one year	<u>\$ 635,174</u>	<u>\$ 894,450</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.

NOTE 3 – INVESTMENTS AND FAIR VALUE

The fair value measurement accounting literature establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3: Inputs are unobservable inputs based on the Future's own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Agriculture Future of America
Notes to Financial Statements

NOTE 3 - INVESTMENTS AND FAIR VALUE (CONTINUED)

The following tables set forth by level within the fair value hierarchy of the Future's investments measured at fair value on a recurring basis is as of February 28, 2023 and 2022, and indicates the fair value hierarchy of the valuation techniques utilized by the Future to determine such fair value.

<u>February 28, 2023</u>	Level 1	Level 2	Level 3
Cash equivalents	\$ 1,159,657	\$ -	\$ -
Mutual funds/ETF - equity:			
Large cap	1,396,724	-	-
Mid cap	159,553	-	-
Small cap	229,408	-	-
International	674,295	-	-
Mutual funds/ETF - fixed income	1,272,721	-	-
Mutual funds/ETF - real estate	170,152	-	-
Total investments	<u>\$ 5,062,510</u>	<u>\$ -</u>	<u>\$ -</u>
<u>February 28, 2022</u>			
Cash equivalents	\$ 1,825,296	\$ -	\$ -
Mutual funds/ETF - equity:			
Large cap	1,589,000	-	-
Mid cap	482,708	-	-
Small cap	218,944	-	-
International	634,115	-	-
Mutual funds/ETF - fixed income	1,460,942	-	-
Total investments	<u>\$ 6,211,005</u>	<u>\$ -</u>	<u>\$ -</u>

Mutual funds and cash equivalents are valued at the closing price reported in the active markets in which they are traded.

Agriculture Future of America
Notes to Financial Statements

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of February 28, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 235,306	\$ 225,768
Software and product licenses	332,857	319,987
Leasehold improvements	<u>244,384</u>	<u>244,384</u>
	812,547	790,139
Less accumulated depreciation	<u>604,765</u>	<u>491,126</u>
Property and equipment, net	<u><u>\$ 207,782</u></u>	<u><u>\$ 299,013</u></u>

NOTE 5 – LEASES

The Future has an operating lease agreement for office space with a remaining lease term of two years. Payments under this lease arrangement are fixed.

Future minimum lease payments under the non-cancellable lease are as follows as of February 28, 2023:

2024	\$ 70,192
2025	<u>35,304</u>
Total lease payments	<u><u>105,496</u></u>

The operating lease had the following terms and costs as of February 28, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term	15 months	27 months
Weighted average discount rate	0.71%	0.71%
Operating lease costs	82,833	82,833

Agriculture Future of America Notes to Financial Statements

NOTE 6 - PAYCHECK PROTECTION PROGRAM

The Future applied for and obtained a \$214,887 PPP loan, administered by the U.S. Small Business Administration (SBA), established under the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the terms of the loan, the Future could apply for forgiveness for a portion or all of the loan. In order to meet the conditions for forgiveness, the Future was required to maintain certain employee levels and use the proceeds on eligible expenses including payroll, benefits, rent, and utilities. The loan was forgiven by the SBA in July 2021 at which time the Future recognized a gain on extinguishment of debt. The Future must retain all records relating to the loan for six years from the date of forgiveness and must permit authorized representatives of the SBA, including representatives of the Office of the Inspector General, to access such files upon request.

NOTE 7 - 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 28, 2023 and 2022, the Future contributed \$74,703 and \$47,729, respectively, to the Plan.

NOTE 8 - 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.

Agriculture Future of America
Notes to Financial Statements

NOTE 8 - ENDOWMENT (CONTINUED)

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 28, 2023 and 2022, there were no such deficiencies.

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 28, 2023 and 2022, the endowment fund is summarized as follows:

<u>February 28, 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted	\$ -	\$ 161,008	\$ 161,008
Board designated	-	-	-
	<u>\$ -</u>	<u>\$ 161,008</u>	<u>\$ 161,008</u>
 <u>February 28, 2022</u>	 <u>Without Donor Restrictions</u>	 <u>With Donor Restrictions</u>	 <u>Total</u>
Donor-restricted	\$ -	\$ 178,578	\$ 178,578
Board designated	-	-	-
	<u>\$ -</u>	<u>\$ 178,578</u>	<u>\$ 178,578</u>

**Agriculture Future of America
Notes to Financial Statements**

NOTE 8 - ENDOWMENT (CONTINUED)

As of February 28, 2023 and 2022, reconciliation of the endowment fund is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, February 28, 2021	\$ -	\$ 175,206	\$ 175,206
Contributions	-	-	-
Investment return, net	-	7,872	7,872
Amounts appropriated for expenditure	-	(4,500)	(4,500)
Endowment net assets, February 28, 2022	-	178,578	178,578
Contributions	-	-	-
Investment return, net	-	(14,070)	(14,070)
Amounts appropriated for expenditure	-	(3,500)	(3,500)
Endowment net assets, February 28, 2023	\$ -	\$ 161,008	\$ 161,008

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

As of February 28, 2023 and 2022, net assets with donor stipulations consisted of the following:

	2023	2022
Subject to expenditure for specified purpose:		
Scholarships	\$ 568,578	\$ 546,374
Subject to passage of time:		
Pledges receivable	850,764	155,440
Endowments:		
Corpus	108,550	108,550
Subject to spending policy or appropriation:		
General operations	52,458	70,028
	161,008	178,578
Net assets with donor restrictions	\$ 1,580,350	\$ 880,392

**Agriculture Future of America
Notes to Financial Statements**

NOTE 10 – RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the current-year presentation with no effect on previously reported net assets. The amounts previously reported as Assets whose use is limited are now recorded as Investments, and certain amounts previously reported as cash in the prior year have been reclassified to be included in the Investments line. In addition, certain amounts that were reported as Right-of-use asset – operating lease in the prior year have been reclassified to be reported as Property and equipment in the current year.