

**THE MISSOURI 4-H FOUNDATION, INC.  
AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2019 AND 2018**

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**BEARD-BOEHMER & ASSOCIATES, PC  
CERTIFIED PUBLIC ACCOUNTANTS  
COLUMBIA, MISSOURI**

**THE MISSOURI 4-H FOUNDATION, INC.  
COLUMBIA, MISSOURI  
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## INDEPENDENT AUDITORS' REPORT

September 27, 2019

Board of Trustees  
The Missouri 4-H Foundation, Inc.  
Columbia, MO

We have audited the accompanying financial statements of the Missouri 4-H Foundation, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of June 30, 2019 and 2018, and the related statement of revenues, expenses, and changes in net assets—modified cash basis and statement of functional expenses—modified cash basis 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 the modified cash basis of accounting as described in Note 1C; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

**THE MISSOURI 4-H FOUNDATION, INC.  
INDEPENDENT AUDITORS' REPORT (CONTINUED)**

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Missouri 4-H Foundation, Inc. as of June 30, 2019 and 2018, and its revenue, expenses, and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 1C.

**Basis of Accounting**

We draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Beard-Boehmer & Associates, PC*

Beard-Boehmer & Associates, PC  
Columbia, MO

**THE MISSOURI 4-H FOUNDATION, INC.  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -  
MODIFIED CASH BASIS  
JUNE 30, 2019 AND 2018**

	2019	2018
<b><u>ASSETS</u></b>		
Cash	\$ 100,478	\$ 263,509
Investments	7,452,846	6,961,894
Cash value of life insurance	10,832	11,985
<b>TOTAL ASSETS</b> . . . . .	<b>\$ 7,564,156</b>	<b>\$ 7,237,388</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES:</b>		
Annuity obligations	\$ 15,879	\$ 5,412
<b>Total Liabilities</b> . . . . .	<b>\$ 15,879</b>	<b>\$ 5,412</b>
<b>NET ASSETS:</b>		
Without donor restrictions		
Program designated	\$ 421,962	\$ 317,350
Board designated	6,096,079	5,898,043
<b>Total without donor restrictions</b>	<b>\$ 6,518,041</b>	<b>\$ 6,215,393</b>
With donor restrictions	1,030,236	1,016,583
<b>Total Net Assets</b> . . . . .	<b>\$ 7,548,277</b>	<b>\$ 7,231,976</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b> . . . . .	<b>\$ 7,564,156</b>	<b>\$ 7,237,388</b>

**THE NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THESE STATEMENTS**

**THE MISSOURI 4-H FOUNDATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)**

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUES AND OTHER SUPPORT:</b>				
Revenues				
Sale of calendars	\$ 93,119	\$ -	\$ 93,119	\$ 256,196
Cash payments for calendars	(171,464)	-	(171,464)	(192,600)
Net sales of calendars	(78,345)	-	(78,345)	63,596
Other Support				
Contributions	\$ 695,051	\$ -	\$ 695,051	\$ 641,576
Membership and other fees	33,366	-	33,366	22,579
Investment income, net of \$25,929 of investment management fees	169,951	13,653	183,604	172,380
Net realized and unrealized gains (losses) on investments	343,541	-	343,541	243,301
Total revenues and other support. . . . .	\$ 1,163,564	\$ 13,653	\$ 1,177,217	\$ 1,143,432
<b>EXPENSES:</b>				
Operating expenses				
Program	\$ 693,391	\$ -	\$ 693,391	\$ 611,214
General and administrative	103,004	-	103,004	98,800
Fundraising	63,035	-	63,035	68,061
Total Operating expenses	\$ 859,430	\$ -	\$ 859,430	\$ 778,075
Other expenses				
Payments to beneficiaries	\$ 1,486	\$ -	\$ 1,486	\$ 1,486
Total expenses. . . . .	\$ 860,916	\$ -	\$ 860,916	\$ 779,561
Change in net assets. . . . .	\$ 302,648	\$ 13,653	\$ 316,301	\$ 363,871
Net assets, beginning of year	6,215,393	1,016,583	7,231,976	6,868,105
Net assets, end of year. . . . .	\$ 6,518,041	\$ 1,030,236	\$ 7,548,277	\$ 7,231,976

**THE NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THESE STATEMENTS**

**THE MISSOURI 4-H FOUNDATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT:</b>			
Revenues			
Sales of calendars	\$ 256,196	\$ -	\$ 256,196
Cash payments for calendars	(192,600)	-	(192,600)
Net sales of calendars	<u>63,596</u>	-	<u>63,596</u>
Other support			
Contributions	\$ 641,576	\$ -	\$ 641,576
Membership and other fees	22,579	-	22,579
Investment income, net of \$26,071 of investment management fees	164,751	7,629	172,380
Net realized and unrealized gains (losses) on investments	<u>243,301</u>	-	<u>243,301</u>
Total revenues and other support. . . . .	<u>\$ 1,135,803</u>	<u>\$ 7,629</u>	<u>\$ 1,143,432</u>
<b>EXPENSES:</b>			
Operating expenses			
Program	\$ 611,214	\$ -	\$ 611,214
General and administrative	98,800	-	98,800
Fundraising	<u>68,061</u>	-	<u>68,061</u>
Total Operating expenses	\$ 778,075	\$ -	\$ 778,075
Other expenses			
Payments to beneficiaries	<u>1,486</u>	-	<u>1,486</u>
Total expenses. . . . .	<u>\$ 779,561</u>	<u>\$ -</u>	<u>\$ 779,561</u>
Change in net assets. . . . .	\$ 356,242	\$ 7,629	\$ 363,871
Net assets, beginning of year	<u>5,859,151</u>	<u>1,008,954</u>	<u>6,868,105</u>
Net assets, end of year. . . . .	<u>\$ 6,215,393</u>	<u>\$ 1,016,583</u>	<u>\$ 7,231,976</u>

**THE NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THESE STATEMENTS**

**THE MISSOURI 4-H FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)**

	2019				2018 Total
	Program	General and Administrative	Fundraising	Total	
<b>OPERATING EXPENSES:</b>					
Salaries and related benefits and taxes	\$ 114,821	\$ 78,634	\$ 38,753	\$ 232,208	\$ 248,708
Checking account fees	9	-	1,274	1,283	1,865
Distributions to counties	67,298	-	-	67,298	56,378
Donor recognition	2,002	-	-	2,002	3,894
Equipment	200	705	705	1,610	221
Events and activities	97,938	1,908	1,908	101,754	178,830
Facility charges	3,581	4,949	4,949	13,479	12,156
Grants	201,605	-	-	201,605	57,554
Insurance	58	2,746	-	2,804	2,692
Marketing and promotion	2,288	317	1,660	4,265	-
Meeting expenses	11,666	-	-	11,666	-
Miscellaneous	-	-	-	-	5,697
Postage	1,529	2,615	2,616	6,760	4,325
Printing	9,763	4,413	4,413	18,589	8,022
Professional services	9,312	4,500	4,500	18,312	10,024
Scholarships	67,500	-	-	67,500	73,550
Subscriptions and memberships	-	625	625	1,250	586
Supplies	103,821	1,592	1,632	107,045	113,233
Telephone	-	-	-	-	340
<b>Total operating expenses. . . . .</b>	<b>\$ <u>693,391</u></b>	<b>\$ <u>103,004</u></b>	<b>\$ <u>63,035</u></b>	<b>\$ <u>859,430</u></b>	<b>\$ <u>778,075</u></b>

**THE NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THESE STATEMENTS**



**THE MISSOURI 4-H FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<b>OPERATING EXPENSES:</b>				
Salaries and related benefits and taxes	\$ 120,484	\$ 78,760	\$ 49,464	\$ 248,708
Checking account fees	86	263	1,516	1,865
Distributions to counties	56,378	-	-	56,378
Donor recognition	3,894	-	-	3,894
Equipment	-	111	110	221
Events and activities	174,000	2,415	2,415	178,830
Facility charges	3,676	4,240	4,240	12,156
Grants	57,554	-	-	57,554
Insurance	-	2,692	-	2,692
Miscellaneous	4,716	491	490	5,697
Postage	1,498	1,414	1,413	4,325
Printing	4,909	1,557	1,556	8,022
Professional services	1,900	4,062	4,062	10,024
Scholarships	73,550	-	-	73,550
Subscriptions and memberships	20	283	283	586
Supplies	108,286	2,474	2,473	113,233
Telephone	263	38	39	340
Total operating expenses. . . . .	<u>\$ 611,214</u>	<u>\$ 98,800</u>	<u>\$ 68,061</u>	<u>\$ 778,075</u>

**THE NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THESE STATEMENTS**

**THE MISSOURI 4-H FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Purpose of the Organization** – The mission of The Missouri 4-H Foundation, Inc. (the “Foundation”) is to seek and manage contributions which will be used for positive youth development. One of the most significant means by which the Foundation seeks to accomplish this mission is partial funding of the 4-H Youth Development Programs which are administered by the University of Missouri Extension Office.
- B. Income Tax** – The Foundation is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not classified as a private foundation by the U.S. Internal Revenue Service.
- C. Method of Accounting** – Except for the modifications mentioned below, these financial statements are prepared on the modified cash basis of accounting. Accordingly, contributions and fees are recorded as revenue when received, not when earned, and expenses are recorded when paid, not when incurred. The modified cash basis is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. The modifications to the cash basis are as follows – investments are reported at fair value, insurance contracts are reported at cash surrender value, and liabilities for annuity obligations are reported at their estimated net present value at the time the donation was received by the Foundation.
- D. Cash/Cash Equivalents/Credit Risk** – For the purpose of these financial statements, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of one checking account insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of June 30, 2019.
- E. Contributions** – All contributions are considered to be available for the general programs of the Foundation unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses, and other changes in net assets – modified cash basis as released from restrictions. Contributions that are restricted by the donors are reported as an increase in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are received.
- F. Contributed Materials and Services** – In accordance with the modified cash basis of accounting, the accompanying financial statements do not include the value of donated goods and services. A substantial number of volunteers donate significant amounts of time to the Foundation’s projects and the University of Missouri Extension Division provides the Foundation with the office space and some administrative support. Management has not attempted to determine the value of these items.
- G. Use of Estimates** – Preparation of the Foundation's financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The nature of those estimates, however, is such that variances in actual results are generally immaterial.
- H. Prior Year Information** – Certain prior year information has been changed to conform to the current year presentation.

**THE MISSOURI 4-H FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

I. **Net Assets** – The Organization has followed the new Financial Accounting Standards Board (FASB) pronouncement No. 2016-14, released August 2016, and effective for fiscal years beginning after December 15, 2017. The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Temporary restrictions are donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Permanent restrictions are donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. Assets without donor-imposed restrictions, including assets designated for specific use by the Organization’s board of directors, are included in net assets without donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted support is reported as an increase in net assets without donor restrictions if the restriction expires or condition is met in the reporting period in which the support is recognized.

**NOTE 2: INVESTMENTS/CONCENTRATION OF CREDIT RISK**

The Foundation carries its investments at fair value. The Foundation’s policy is to include money market funds held by a broker in a managed portfolio as investments. Investments consist of the following categories held by a single investment company in the managed portfolio at June 30:

	2019	Cost	Unrealized Gain (Loss)	Fair Value
Money market funds	\$	611,928	\$ -	\$ 611,928
Equity stocks		4,255,951	730,728	4,986,679
Bonds		1,817,333	36,906	1,854,239
Total investments	\$	<u>6,685,212</u>	\$ <u>767,634</u>	\$ <u>7,452,846</u>
	2018			
Money market funds	\$	454,099	\$ -	\$ 454,099
Equity stocks		4,284,901	420,775	4,705,676
Bonds		1,834,092	(31,973)	1,802,119
Total investments	\$	<u>6,573,092</u>	\$ <u>388,802</u>	\$ <u>6,961,894</u>

Since investments are subject to continual market fluctuations, the Foundation is subject to concentration of credit risk on most of its assets. Management believes the policy adopted by the Foundation’s Board of Trustees is prudent for the long-term welfare of the Foundation and its beneficiaries.

**NOTE 3: CASH VALUE OF LIFE INSURANCE**

The Foundation once utilized a life insurance endowment program, whereby individuals contributed money to the foundation for purposes of purchasing life insurance contracts on the donor, for which the Foundation is the owner and beneficiary. The face value of these contracts totaled approximately \$136,980 as of June 30, 2019 and 2018.

**THE MISSOURI 4-H FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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**NOTE 3: CASH VALUE OF LIFE INSURANCE (CONTINUED)**

Cash surrender values are approximately \$10,832 and \$11,985 at June 30, 2019 and 2018, respectively. Changes in the cash surrender value are included in the net realized and unrealized gain/(loss) on investments as shown on the statement of revenues, expenses, and changes in net assets – modified cash basis.

**NOTE 4: NET ASSET DESIGNATIONS AND RESTRICTIONS**

Designations and restrictions consist of the following at June 30:

2019	Without Donor Restrictions	With Donor Restrictions
Designated for:		
Programs	\$ 421,962	\$ -
Board designated	6,096,079	-
Permanently restricted for:		
Scholarships, programs, and grants	-	1,030,236
Total net assets	<u>\$ 6,518,041</u>	<u>\$ 1,030,236</u>
2018		
Designated for:		
Programs	\$ 317,350	\$ -
Board designated	5,898,043	-
Permanently restricted for:		
Scholarships, programs, and grants	-	1,016,583
Total net assets	<u>\$ 6,215,393</u>	<u>\$ 1,016,583</u>

The Foundation regularly receives and solicits contributions for specific annual events or programs. The Foundation does not consider these contributions restricted. The Foundation does, however, make every effort to insure that such contributions are expended for the specific event or program in the year in which received. Due to timing differences and for budgeting purposes, the Foundation identifies unused contributions and designated funds that are to be used for specific programs in the following year. These contributions totaled \$421,962 and \$317,350 as of June 30, 2019 and 2018, respectively.

**NOTE 5: FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following are changes in fair values for items measured at fair value for the year ended June 30:

	2019	2018
Trading gains (losses) on marketable securities		
Unrealized gains (losses)	\$ 376,306	\$ (263,687)
Realized gains (losses)	(32,808)	505,547
Total trading gains (losses) on marketable securities	<u>\$ 343,498</u>	<u>\$ 241,860</u>
Changes in values of annuities payable	<u>\$ (1,197)</u>	<u>\$ (1,138)</u>

**THE MISSOURI 4-H FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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**NOTE 5: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Assets and liabilities measured at a fair value on a recurring basis

The following are the major categories of assets and liabilities measured at fair values on a recurring basis at June 30:

2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at June 30
<b>Assets</b>				
Marketable Securities	\$ 7,452,846	\$ -	\$ -	\$ 7,452,846
<b>Liabilities</b>				
Annuity Obligations	\$ -	\$ 15,879	\$ -	\$ 15,879
<hr/>				
<b>2018</b>				
<b>Assets</b>				
Marketable Securities	\$ 6,961,894	\$ -	\$ -	\$ 6,961,894
<b>Liabilities</b>				
Annuity Obligations	\$ -	\$ 5,412	\$ -	\$ 5,412

Level 2 inputs

Charitable gift annuity agreements require the Foundation to pay beneficiaries fixed payments during the beneficiaries' lives, in accordance with the respective agreements. Contribution revenues for charitable gift annuities are recognized at the date the agreements are established, net of present value of the estimated future payments to be made to the beneficiaries.

Internal Revenue Service (IRS) valuation tables were used for the discount rates and actuarial assumptions used in calculating present value of the liabilities. The changes in values of the annuities payable is included in the realized gain/(loss) on investment.

Fair value of financial instruments

Due to their short-term nature, the carrying value of cash and cash surrender value of life insurance approximates their fair value at June 30, 2019 and 2018.

**NOTE 6: ENDOWMENTS**

The Foundation endowment consists of several program and scholarship funds that are donor and board-restricted endowment funds. As required by the modified-cash basis of accounting, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE MISSOURI 4-H FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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**NOTE 6: ENDOWMENTS (CONTINUED)**

**A. Interpretation of Relevant Law**

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the beginning of the fiscal year. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Foundation and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation or deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Foundation.
- (7) The investment policies of the organization.

**B. Endowment Net Asset composition by type of fund as of June 30:**

2019	Without donor restrictions	With donor restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,030,236	\$ 1,030,236
Board-designated endowment funds	6,346,110	-	-	6,346,110
Total endowment Funds	\$ 6,346,110	\$ -	\$ 1,030,236	\$ 7,376,346
<b>2018</b>				
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,016,583	\$ 1,016,583
Board-designated endowment funds	5,831,176	-	-	5,831,176
Total endowment funds	\$ 5,831,176	\$ -	\$ 1,016,583	\$ 6,847,759

**THE MISSOURI 4-H FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 6: ENDOWMENTS (CONTINUED)**

**C. Changes in Endowment Net Asset composition by type of fund for the year ended June 30:**

2018	Without donor restrictions	With donor restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Net assets, beginning	\$ 5,831,176	\$ -	\$ 1,016,583	\$ 6,847,759
Investment return:				
Investment income	168,230	-	13,653	181,883
Net appreciation (realized & unrealized)	343,497	-	-	343,497
Contributions	239,951	-	-	239,951
Appropriation for expenditures	(236,744)	-	-	(236,744)
Net assets, ending	\$ 6,346,110	\$ -	\$ 1,030,236	\$ 7,376,346
<b>2018</b>				
Net assets, beginning	\$ 5,593,696	\$ -	\$ 1,008,954	\$ 6,602,650
Investment return:				
Investment income	163,861	-	7,629	171,490
Net appreciation (realized & unrealized)	241,431	-	-	241,431
Contributions	59,867	-	-	59,867
Appropriation for expenditures	(227,679)	-	-	(227,679)
Net assets, ending	\$ 5,831,176	\$ -	\$ 1,016,583	\$ 6,847,759

**D. Description of amounts classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) for the year ended June 30:**

	2019	2018
<b>Permanently Restricted Net Assets</b>		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or SPMIFA	\$ 1,030,236	\$ 1,016,583
Total endowment funds classified as permanently restricted net assets	\$ 1,030,236	\$ 1,016,583
<b>Temporarily Restricted Net Assets</b>		
The portion of perpetual endowment funds subject to a time restriction under SPMIFA:		
Without purpose restrictions	\$ -	\$ -
With purpose restriction	-	-
Total endowment funds classified as temporarily restricted net assets	\$ -	\$ -

**THE MISSOURI 4-H FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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**NOTE 6: ENDOWMENTS (CONTINUED)**

**E. Funds with Deficiencies**

From time to time, the fair value assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies are reported in unrestricted and temporarily restricted net assets. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriations for certain programs that were deemed prudent by the Board of Trustees.

**F. Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the Consumer Price Index (CPI) while assuming a moderate level of investment risk. The Foundation expects its endowment funds to produce an average rate of return over time.

**G. Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

**H. Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has a policy of appropriating for distribution annually by adding the average of the Midwest Consumer Price Index (CPI) to the Endowment Fund permanently restricted balance. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTE 7: INCOME AND EXPENSES**

Effective July 1, 2017, the University of Missouri began collecting state event fees, membership fees, dues, and cost recovery income on behalf of the Extension 4-H Center for Youth Development. These revenues and related cost recovery program expenses no longer appear on the Missouri 4-H Foundation Inc. financial statements.

**NOTE 8: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 27, 2019, the date on which the financial statements were available to be issued.