

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

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

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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

October 8, 2020

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, 2020 and 2019, 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)**

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, 2020 and 2019, and its revenues, 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, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Cash	\$ 68,007	\$ 100,478
Investments	8,266,742	7,452,846
Cash value of life insurance	9,954	10,832
TOTAL ASSETS	\$ 8,344,703	\$ 7,564,156
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Annuity obligations	\$ 13,950	\$ 15,879
Total Liabilities	\$ 13,950	\$ 15,879
NET ASSETS:		
Without donor restrictions		
Program designated	\$ 522,137	\$ 421,962
Board designated	6,779,325	6,096,079
Total without donor restrictions	\$ 7,301,462	\$ 6,518,041
With donor restrictions	1,029,291	1,030,236
Total Net Assets	\$ 8,330,753	\$ 7,548,277
TOTAL LIABILITIES AND NET ASSETS	\$ 8,344,703	\$ 7,564,156

**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, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND OTHER SUPPORT:				
Revenues				
Sale of calendars	\$ 150,934	\$ -	\$ 150,934	\$ 93,119
Cash payments for calendars	(174,700)	-	(174,700)	(171,464)
Net sales of calendars	(23,766)	-	(23,766)	(78,345)
Other Support				
Contributions	\$ 889,979	\$ -	\$ 889,979	\$ 695,051
Membership and other fees	55,340	-	55,340	33,366
Investment income, net of \$29,478 of investment management fees	210,826	5,357	216,183	183,604
Net realized and unrealized gains (losses) on investments	238,379	(6,302)	232,077	343,541
Total revenues and other support.	\$ 1,370,758	\$ (945)	\$ 1,369,813	\$ 1,177,217
EXPENSES:				
Operating expenses				
Program	\$ 425,095	\$ -	\$ 425,095	\$ 693,391
General and administrative	101,258	-	101,258	103,004
Fundraising	58,278	-	58,278	63,035
Total Operating expenses	\$ 584,631	\$ -	\$ 584,631	\$ 859,430
Other expenses				
Payments to beneficiaries	\$ 2,706	\$ -	\$ 2,706	\$ 1,486
Total expenses.	\$ 587,337	\$ -	\$ 587,337	\$ 860,916
Change in net assets.	\$ 783,421	\$ (945)	\$ 782,476	\$ 316,301
Net assets, beginning of year	6,518,041	1,030,236	7,548,277	7,231,976
Net assets, end of year.	\$ 7,301,462	\$ 1,029,291	\$ 8,330,753	\$ 7,548,277

**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**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Revenues			
Sale of calendars	\$ 93,119	\$ -	\$ 93,119
Cash payments for calendars	(171,464)	-	(171,464)
Net sales of calendars	<u>(78,345)</u>	-	<u>(78,345)</u>
Other Support			
Contributions	\$ 695,051	\$ -	\$ 695,051
Membership and other fees	33,366	-	33,366
Investment income, net of \$25,929 of investment management fees	169,951	13,653	183,604
Net realized and unrealized gains (losses) on investments	<u>343,541</u>	-	<u>343,541</u>
Total revenues and other support.	<u>\$ 1,163,564</u>	<u>\$ 13,653</u>	<u>\$ 1,177,217</u>
EXPENSES:			
Operating expenses			
Program	\$ 693,391	\$ -	\$ 693,391
General and administrative	103,004	-	103,004
Fundraising	<u>63,035</u>	-	<u>63,035</u>
Total Operating expenses	\$ 859,430	\$ -	\$ 859,430
Other expenses			
Payments to beneficiaries	<u>1,486</u>	-	<u>1,486</u>
Total expenses.	<u>\$ 860,916</u>	<u>\$ -</u>	<u>\$ 860,916</u>
Change in net assets.	\$ 302,648	\$ 13,653	\$ 316,301
Net assets, beginning of year	<u>6,215,393</u>	<u>1,016,583</u>	<u>7,231,976</u>
Net assets, end of year.	<u>\$ 6,518,041</u>	<u>\$ 1,030,236</u>	<u>\$ 7,548,277</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, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020				2019 Total
	Program	General and Administrative	Fundraising	Total	
OPERATING EXPENSES:					
Salaries and related benefits and taxes	\$ 57,402	\$ 78,787	\$ 38,668	\$ 174,857	\$ 232,208
Checking account fees	-	54	192	246	1,283
Distributions to counties	38,548	-	-	38,548	67,298
Donor recognition	690	-	-	690	2,002
Equipment	90	258	259	607	1,610
Events and activities	81,960	2,677	2,677	87,314	101,754
Facility charges	7,652	2,730	2,730	13,112	13,479
Grants	91,648	-	-	91,648	201,605
Insurance	20	2,742	-	2,762	2,804
Marketing and promotion	22,310	656	-	22,966	4,265
Meeting expenses	2,398	-	-	2,398	11,666
Miscellaneous	-	60	-	60	-
Postage	80	910	911	1,901	6,760
Printing	4,802	1,995	1,995	8,792	18,589
Professional services	4,719	5,440	5,441	15,600	18,312
Scholarships	65,500	-	-	65,500	67,500
Service agreements	-	1,907	1,908	3,815	-
Subscriptions and memberships	-	105	106	211	1,250
Supplies	47,276	2,937	3,391	53,604	107,045
Total operating expenses.	\$ 425,095	\$ 101,258	\$ 58,278	\$ 584,631	\$ 859,430

**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

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
OPERATING EXPENSES:				
Salaries and related benefits and taxes	\$ 114,821	\$ 78,634	\$ 38,753	\$ 232,208
Checking account fees	9	-	1,274	1,283
Distributions to counties	67,298	-	-	67,298
Donor recognition	2,002	-	-	2,002
Equipment	200	705	705	1,610
Events and activities	97,938	1,908	1,908	101,754
Facility charges	3,581	4,949	4,949	13,479
Grants	201,605	-	-	201,605
Insurance	58	2,746	-	2,804
Marketing and promotion	2,288	317	1,660	4,265
Meeting expenses	11,666	-	-	11,666
Miscellaneous	-	-	-	-
Postage	1,529	2,615	2,616	6,760
Printing	9,763	4,413	4,413	18,589
Professional services	9,312	4,500	4,500	18,312
Scholarships	67,500	-	-	67,500
Subscriptions and memberships	-	625	625	1,250
Supplies	103,821	1,592	1,632	107,045
Total operating expenses.	\$ 693,391	\$ 103,004	\$ 63,035	\$ 859,430

**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, 2020 AND 2019

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, 2020.
- 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, 2020 AND 2019

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:

	2020	Cost	Unrealized Gain (Loss)	Fair Value
Money market funds	\$	601,115	\$ -	\$ 601,115
Equity stocks		4,426,522	1,023,864	5,450,386
Bonds		2,108,349	106,892	2,215,241
Total investments	\$	<u>7,135,986</u>	<u>\$ 1,130,756</u>	<u>\$ 8,266,742</u>
	2019			
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>

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, 2020 and 2019.

THE MISSOURI 4-H FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 3: CASH VALUE OF LIFE INSURANCE (CONTINUED)

Cash surrender values are approximately \$9,954 and \$10,832 at June 30, 2020 and 2019, 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:

2020	Without Donor Restrictions	With Donor Restrictions
Designated for:		
Programs	\$ 522,137	\$ -
Board designated	6,779,325	-
Permanently restricted for:		
Scholarships, programs, and grants	-	1,029,291
Total net assets	<u>\$ 7,301,462</u>	<u>\$ 1,029,291</u>
2019		
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>

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 \$522,137 and \$421,962 as of June 30, 2020 and 2019, 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:

	2020	2019
Trading gains (losses) on marketable securities		
Unrealized gains (losses)	\$ 357,200	\$ 376,306
Realized gains (losses)	(125,810)	(32,808)
Total trading gains (losses) on marketable securities	<u>\$ 231,390</u>	<u>\$ 343,498</u>
Changes in values of annuities payable	<u>\$ (1,929)</u>	<u>\$ (1,197)</u>

THE MISSOURI 4-H FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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:

2020	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
Assets				
Marketable Securities	\$ 8,266,742	\$ -	\$ -	\$ 8,266,742
Liabilities				
Annuity Obligations	\$ -	\$ 13,950	\$ -	\$ 13,950
<hr/>				
2019				
Assets				
Marketable Securities	\$ 7,452,846	\$ -	\$ -	\$ 7,452,846
Liabilities				
Annuity Obligations	\$ -	\$ 15,879	\$ -	\$ 15,879

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, 2020 and 2019.

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, 2020 AND 2019

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:

2020	Without donor restrictions	With donor restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,029,291	\$ 1,029,291
Board-designated endowment funds	7,103,599	-	-	7,103,599
Total endowment Funds	\$ 7,103,599	\$ -	\$ 1,029,291	\$ 8,132,890
2019				
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

THE MISSOURI 4-H FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6: ENDOWMENTS (CONTINUED)

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

2020	Without donor restrictions	With donor restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Net assets, beginning	\$ 6,346,110	\$ -	\$ 1,030,236	\$ 7,376,346
Investment return:				
Investment income	201,516	-	5,357	206,873
Net appreciation (realized & unrealized)	237,327	-	(6,302)	231,025
Contributions	614,599	-	-	614,599
Appropriation for expenditures	(295,954)	-	-	(295,954)
Net assets, ending	\$ 7,103,599	\$ -	\$ 1,029,291	\$ 8,132,890
2019				
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

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

	2020	2019
Permanently Restricted Net Assets		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or SPMIFA	\$ 1,029,291	\$ 1,030,236
Total endowment funds classified as permanently restricted net assets	\$ 1,029,291	\$ 1,030,236
Temporarily Restricted Net Assets		
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, 2020 AND 2019

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: SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, on April 3, 2020, The Missouri State Governor ordered the closure of the physical location of every "non-life sustaining" ["non-essential"] business for the period April 6, 2020 thru April 24, 2020. We had to close our physical location(s) and all employees must work remotely as they can. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

Beginning around March 2020, the COVID-19 virus had been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic.

**THE MISSOURI 4-H FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7: SUBSEQUENT EVENTS (CONTINUED)

Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty. However, subsequent to June 30, 2020, the investment and credit markets may have experienced significant volatility. As a result, a substantial portion of the Organization's investments may have experienced significant declines

Management has evaluated subsequent events through October 8, 2020, the date on which the financial statements were available to be issued.