

THE WISCONSIN FFA FOUNDATION, INC.

FINANCIAL STATEMENTS

July 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Wisconsin FFA Foundation, Inc.
Madison, Wisconsin

We have audited the accompanying financial statements of The Wisconsin FFA Foundation, Inc., which comprise the statements of financial position as of July 31, 2021 and 2020, and the related statements of activities, functional expenses, 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.

Auditor's 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Wisconsin FFA Foundation, Inc. as of July 31, 2021 and 2020, 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.



Wegner CPAs, LLP
Madison, Wisconsin
November 30, 2021

THE WISCONSIN FFA FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
July 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 337,010	\$ 339,042
Unconditional promises to give, net	122,315	86,904
Prepaid expenses	1,851	1,192
Certificates of deposit	223,491	219,398
Cash held for endowment	32,872	26,839
Cash surrender value of life insurance	4,505	4,505
Investments	1,483,509	1,317,379
Total assets	\$ 2,205,553	\$ 1,995,259
LIABILITIES		
Accounts payable	\$ 48,153	\$ 30,004
Accrued payroll liabilities	10,111	8,544
Paycheck Protection Program loan payable	25,009	24,000
Total liabilities	83,273	62,548
NET ASSETS		
Without donor restrictions	722,390	652,206
With donor restrictions	1,399,890	1,280,505
Total net assets	2,122,280	1,932,711
Total liabilities and net assets	\$ 2,205,553	\$ 1,995,259

See accompanying notes.

THE WISCONSIN FFA FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended July 31, 2021 and 2020

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions		
Contributions	\$ 261,112	\$ 178,170
In-kind contributions	4,299	1,404
Fundraising events	35,318	25,672
Less costs of direct benefit to donors	(20,150)	(11,475)
Investment return, net	61,897	15,815
Forgiveness of Paycheck Protection Program loan	24,000	-
Other	219	-
Total revenues without donor restrictions	366,695	209,586
EXPENSES		
Program services	365,647	212,892
Supporting services		
Management and general	116,090	91,553
Fundraising	71,749	67,634
Total expenses	553,486	372,079
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	246,210	161,265
Satisfaction of time restrictions	10,765	8,365
Total net assets released from restrictions	256,975	169,630
Change in net assets without donor restrictions	70,184	7,137
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	227,417	247,986
Investment return	148,943	47,174
Net assets released from restrictions	(256,975)	(169,630)
Change in net assets with donor restrictions	119,385	125,530
Change in net assets	189,569	132,667
Net assets at beginning of year	1,932,711	1,800,044
Net assets at end of year	\$ 2,122,280	\$ 1,932,711

See accompanying notes.

THE WISCONSIN FFA FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended July 31, 2021 and 2020

	2021				
	Program Services	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total Expenses
Personnel	\$ 22,427	\$ 55,407	\$ 54,088	\$ -	\$ 131,922
Professional fees	2,500	13,302	-	-	15,802
Office supplies	945	2,336	2,280	-	5,561
Telephone	273	673	657	-	1,603
Printing	681	1,681	1,642	-	4,004
Postage	1,360	3,360	3,281	-	8,001
Sponsored projects	202,866	-	-	-	202,866
Scholarships	123,183	-	-	-	123,183
Travel	-	1,330	81	-	1,411
Insurance	-	1,370	-	-	1,370
Occupancy	1,122	2,772	2,706	-	6,600
Information technology	2,101	5,192	5,068	-	12,361
Conferences and meetings	7,910	23,143	698	-	31,751
Golf outing supplies and fees	-	-	-	20,150	20,150
Miscellaneous	279	5,524	1,248	-	7,051
Total expenses	365,647	116,090	71,749	20,150	573,636
Less costs of direct benefits to donors	-	-	-	(20,150)	(20,150)
Total expenses per statement of activities	\$ 365,647	\$ 116,090	\$ 71,749	\$ -	\$ 553,486
	2020				
	Program Services	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total Expenses
Personnel	\$ 27,154	\$ 55,666	\$ 52,951	\$ -	\$ 135,771
Professional fees	-	13,327	-	-	13,327
Office supplies	363	745	708	-	1,816
Telephone	244	500	475	-	1,219
Printing	1,094	2,243	2,133	-	5,470
Postage	1,352	2,772	2,638	-	6,762
Sponsored projects	84,934	-	-	-	84,934
Scholarships	94,032	-	-	-	94,032
Travel	-	6,077	125	-	6,202
Advertising	-	208	-	-	208
Insurance	-	1,582	-	-	1,582
Occupancy	1,320	2,706	2,574	-	6,600
Information technology	2,093	4,291	4,081	-	10,465
Conferences and meetings	306	389	26	-	721
Golf outing supplies and fees	-	-	-	11,475	11,475
Miscellaneous	-	1,047	1,923	-	2,970
Total expenses	212,892	91,553	67,634	11,475	383,554
Less costs of direct benefits to donors	-	-	-	(11,475)	(11,475)
Total expenses per statement of activities	\$ 212,892	\$ 91,553	\$ 67,634	\$ -	\$ 372,079

See accompanying notes.

THE WISCONSIN FFA FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended July 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 189,569	\$ 132,667
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized and realized gain on investments	(151,432)	(8,230)
Change in cash surrender value of life insurance	-	(259)
Contributions to be held in perpetuity	(27,181)	(39,104)
Paycheck Protection Program loan forgiveness	(24,000)	-
(Increase) decrease in assets		
Unconditional promises to give	(35,411)	26,951
Prepaid expenses	(659)	68
Increase (decrease) in liabilities		
Accounts payable	18,149	(49,771)
Accrued payroll liabilities	1,567	(1,661)
Net cash flows from operating activities	(29,398)	60,661
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest retained in certificates of deposit	(4,093)	(4,348)
Proceeds from investments	40,000	-
Purchases and interest retained in investments	(54,698)	(99,003)
Net cash flows from investing activities	(18,791)	(103,351)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	25,009	24,000
Proceeds from contributions to be held in perpetuity	27,181	39,104
Net cash flows from financing activities	52,190	63,104
Net change in cash and restricted cash	4,001	20,414
Cash and restricted cash at beginning of year	365,881	345,467
Cash and restricted cash at end of year	<u>\$ 369,882</u>	<u>\$ 365,881</u>
SUPPLEMENTAL DISCLOSURE		
Noncash financing activity		
Paycheck Protection Program loan forgiveness	\$ 24,000	\$ -
Cash and restricted cash is comprised of the following:		
Cash	337,010	339,042
Cash held for endowment	32,872	26,839
	<u>\$ 369,882</u>	<u>\$ 365,881</u>

See accompanying notes.

THE WISCONSIN FFA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Wisconsin FFA Foundation, Inc. (Foundation) is a not-for-profit organization incorporated in 1983 that is located in Madison, Wisconsin. The Foundation is committed to supporting and expanding the educational activities of the Wisconsin Association of FFA, its members, and chapters. It does this through fundraising and communication programs.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give to be received over one year are discounted at an interest rate commensurate with risk involved if material to the financial statements.

Investments

The Foundation carries investments in equity securities with readily determinable fair values at their fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Contributions

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 statements of activities as net assets released from restrictions.

Donated Services

Donated services are recognized as support if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel which is allocated on the basis of estimates of time and effort, and office supplies, telephone, printing, postage, occupancy, and information technology, which are allocated based on personnel.

THE WISCONSIN FFA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through November 30, 2021, the date which the financial statements were available to be issued.

NOTE 2 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give for the years ended July 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 68,179	\$ 24,403
Receivable in one to five years	50,000	50,000
Receivable in more than five years	<u>10,000</u>	<u>20,000</u>
Unconditional promises to give	128,179	94,403
Discounts to net present value	<u>(5,864)</u>	<u>(7,499)</u>
Unconditional promises to give, net	<u>\$ 122,315</u>	<u>\$ 86,904</u>

Unconditional promises to give receivable in greater than one year is discounted at an effective interest rate of 3.02%.

NOTE 3 - INVESTMENTS

Investments for the years ended July 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 10,948	\$ 46,108
Mutual funds	<u>1,472,561</u>	<u>1,271,271</u>
Investments	<u>\$ 1,483,509</u>	<u>\$ 1,317,379</u>

THE WISCONSIN FFA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2021 and 2020

NOTE 4 - CONCENTRATIONS

Credit Risk

The Foundation maintains cash balances at three financial institutions located in Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At July 31, 2021 and 2020, the Foundation's uninsured cash balances were approximately \$93,000 and \$18,000, respectively.

Promises to Give

Approximately 55% and 85% of promises to give is from one donor for the year ended July 31, 2021 and 2020, respectively.

NOTE 5 - ENDOWMENT

The Foundation's endowment consists of multiple funds held at LPL Financial. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The minimum dollar amount to create an endowment account to be held in perpetuity is a \$15,000 contribution. This \$15,000 figure may be funded in any amount over a three-year period. The contributions will be placed in a donor restricted endowment account and invested per Wisconsin FFA Foundation Investment Policy until they reach the total amount. If the endowment total of \$15,000 is not reached by the end of the three-year period, then all previous contributions to the account will revert to the Wisconsin FFA Foundation General Fund.

The board of directors of the Foundation has interpreted Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

In accordance with UPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effects of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies: The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Foundation has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the original investment of the endowment. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

THE WISCONSIN FFA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2021 and 2020

NOTE 5 - ENDOWMENT (continued)

Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce returns to fund scholarships and programs while assuming a moderate level of investment risk.

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 realized and unrealized gains/losses and interest and dividends.

Spending Policy: The Board determines the annual distribution percentage of between 3 and 5 percent based on the average market account values of each endowment fund as of June 30 over the prior twelve quarters. The Foundation will not draw any amount from the historic account value of an endowment account to distribute to programs.

Endowment net asset composition by type of fund for the years ended July 31, 2021 and 2020 are as follows:

	With Donor Restrictions	
	2021	2020
Donor-restricted endowment funds:		
Original donor-restricted gift amounts to be held in perpetuity	\$ 965,509	\$ 938,328
Original donor-restricted gift amounts not meeting requirements to be held in perpetuity	10,200	9,050
Accumulated investment gains	161,059	48,410
Total	\$ 1,136,768	\$ 995,788

Changes in endowment net assets for the years ended July 31, 2021 and 2020 are as follows:

	With Donor Restrictions	
	2021	2020
Endowment net assets at beginning of year	\$ 995,788	\$ 923,420
Contributions	30,831	42,104
Investment return, net	148,943	47,174
Amounts appropriated for expenditure	(38,794)	(16,910)
Endowment net assets at end of year	\$ 1,136,768	\$ 995,788

NOTE 6 - PLANNED GIVING PROGRAM

The Foundation offers a Planned Giving Program. Contributions received are restricted to be used solely to purchase a permanent life insurance policy on the donor's life with the Foundation as owner and beneficiary of the policy. At July 31, 2021 and 2020, the Foundation was the owner and beneficiary of a life insurance policy with a total of \$12,749 face value. Cash surrender value began accumulating in February 1998 and at July 31, 2021 and 2020 had a balance of \$4,505.

THE WISCONSIN FFA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - PAYCHECK PROTECTION PROGRAM LOANS

The Foundation received loans totaling \$49,009 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loans accrue interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by the Foundation during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over five years. On December 18, 2020, the SBA preliminarily approved forgiveness of the Foundation's first draw loan. The Foundation is in the process of applying for forgiveness of its second draw loan. The Foundation must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Foundation's good-faith certification concerning the necessity of its loan request, whether the Foundation calculated the loan amount correctly, whether the Foundation used loan proceeds for the allowable uses specified in the CARES Act, and whether the Foundation is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Foundation was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 8 - NET ASSETS

Net assets with donor restrictions for the years ended July 31, 2021 and 2020 are restricted for the following purposes:

	2021	2020
Subject to expenditure for specific programs:		
Scholarships	\$ 18,288	\$ 21,049
Annual sponsored programs	178,298	186,367
Subject to expenditure for passage of time	66,536	77,301
Subject to the Foundation's spending policy and appropriation:		
Accumulated endowment earnings	161,059	48,410
Endowment funds not meeting requirements to be held in perpetuity	10,200	9,050
Endowment funds held in perpetuity	965,509	938,328
Total net assets with donor restrictions	\$ 1,399,890	\$ 1,280,505

NOTE 9 - RETIREMENT PLAN

The Foundation has a Simple IRA plan for employees. The Foundation made contributions to individual retirement accounts of the participating employees of 3% of qualified compensation. Contributions to the plan for the years ended July 31, 2021 and 2020 were \$3,019 and \$2,824, respectively.

THE WISCONSIN FFA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2021 and 2020

NOTE 10 - LEASES

The Foundation leases its office space, which is classified as an operating lease. The term of the lease began July 1, 1993. The lease provides for automatic extension of the lease on an annual basis. Either party with 30 days' notice may cancel this lease. Monthly payments of \$550 began in January 2003 and continue at the same amount. Rent expense for the years ended July 31, 2021 and 2020 was \$6,600.

NOTE 11 - LIQUIDITY AND AVAILABILITY

The following table reflects the Foundation's financial assets of July 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of donor-imposed and contractual restrictions.

	2020	2019
Cash	\$ 337,010	\$ 339,042
Cash held for endowment	32,872	26,839
Unconditional promises to give, net	122,315	86,904
Certificates of deposit	223,491	219,398
Investments	1,483,509	1,317,379
Financial assets, at year-end	2,199,197	1,989,562
Less those unavailable for general expenditures within one year due to:		
Contractual restrictions:		
Certificates of deposit with maturities greater than one year	(59,372)	(168,349)
Donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(1,333,354)	(1,203,204)
Restricted by donor with period restrictions	(66,536)	(77,301)
Financial assets available to meet cash needs for general expenditures within one year	\$ 739,935	\$ 540,708

The Foundation's liquidity policy is as follows: The short-term needs of the Foundation would be those funds necessary to provide for the annual operating/program expenses of the Foundation over a one-year period. These short-term needs would be met through investments in liquid guaranteed assets (CDs, money market funds, direct or fully guaranteed obligations of the United States Government and United States Government Agencies and checking accounts) and anticipated annual revenues as reviewed by the Finance Committee annually. After the short-term investment needs are met, the remaining funds can be invested in the following investments: common stocks, preferred stocks, mutual funds containing equity-type instruments, bonds/convertible bonds, and mutual funds containing bond-type instruments.

THE WISCONSIN FFA FOUNDATION, INC.
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NOTE 12 - COVID CONSIDERATIONS

The COVID-19 pandemic has impacted and could further impact the Foundation's operations, customers, suppliers, and employees as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Foundation's business, results of operations, and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Foundation's customers, suppliers, employees, and vendors, the remedial actions and stimulus measures adopted by local, state, and federal governments, and to what extent normal economic and operating conditions can resume. Therefore, the Foundation cannot reasonably estimate the impact at this time.