

Progressive Agriculture Foundation
Birmingham, Alabama

Financial Report

December 31, 2017

Including Report of
Independent Auditors

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DENTMOSES

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Progressive Agriculture Foundation
Birmingham, Alabama

We have audited the accompanying financial statements of Progressive Agriculture Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Progressive Agriculture Foundation as of December 31, 2017 and 2016, and its activities and cash flows, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dent Moses LLP

Birmingham, Alabama
April 3, 2018

PROGRESSIVE AGRICULTURE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 187,372	\$ 186,930
Certificates of deposit	82,145	81,555
Prepaid expenses	53,111	96,435
Pledges receivable	<u>461,150</u>	<u>363,850</u>
Total current assets	783,778	728,770
Other assets		
Long-term pledges receivable	-	100,000
Restricted certificates of deposit	<u>16,000</u>	<u>16,000</u>
Total other assets	<u>16,000</u>	<u>116,000</u>
Total assets	\$ <u>799,778</u>	\$ <u>844,770</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 11,301	\$ 17,745
Accrued salaries	<u>19,111</u>	<u>18,797</u>
Total current liabilities	30,412	36,542
Net assets		
Unrestricted	358,966	315,960
Temporarily restricted	394,400	476,268
Permanently restricted	<u>16,000</u>	<u>16,000</u>
Total net assets	<u>769,366</u>	<u>808,228</u>
Total liabilities and net assets	\$ <u>799,778</u>	\$ <u>844,770</u>

The Notes to Financial Statements are an integral part of these statements.

PROGRESSIVE AGRICULTURE FOUNDATION
STATEMENTS OF ACTIVITIES
Year ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue				
Public Support of Farm Safety Day Programs				
Cash pledges	\$ 975,965	\$ 294,400	\$ -	\$ 1,270,365
Gifts-in-kind	1,508,815	-	-	1,508,815
Total Public Support	<u>2,484,780</u>	<u>294,400</u>	<u>-</u>	<u>2,779,180</u>
Revenue				
Interest	959	-	-	959
Training	27,165	-	-	27,165
Other	7,147	-	-	7,147
Total Revenue	<u>35,271</u>	<u>-</u>	<u>-</u>	<u>35,271</u>
Net Assets Released from Restrictions	<u>376,268</u>	<u>(376,268)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	2,896,319	(81,868)	-	2,814,451
Expenses				
Program Services				
Farm Safety Day Programs	2,390,279	-	-	2,390,279
Support Services				
Fundraising	290,534	-	-	290,534
Administrative and General	172,500	-	-	172,500
Total Support Services	<u>463,034</u>	<u>-</u>	<u>-</u>	<u>463,034</u>
Total Expenses	<u>2,853,313</u>	<u>-</u>	<u>-</u>	<u>2,853,313</u>
Excess (Deficit) of Public Support and Revenue over Expenses	43,006	(81,868)	-	(38,862)
Net Assets - Beginning of Year	<u>315,960</u>	<u>476,268</u>	<u>16,000</u>	<u>808,228</u>
Net Assets - End of Year	<u>\$ 358,966</u>	<u>\$ 394,400</u>	<u>\$ 16,000</u>	<u>\$ 769,366</u>

The Notes to Financial Statements are an integral part of these statements.

PROGRESSIVE AGRICULTURE FOUNDATION
STATEMENTS OF ACTIVITIES
Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue				
Public Support of Farm Safety Day Programs				
Cash pledges	\$ 1,002,688	\$ 276,268	\$ -	\$ 1,278,956
Gifts-in-kind	1,479,764	-	-	1,479,764
Total Public Support	<u>2,482,452</u>	<u>276,268</u>	<u>-</u>	<u>2,758,720</u>
Revenue				
Interest	1,171	-	-	1,171
Training	31,767	-	-	31,767
Other	8,005	-	-	8,005
Total Revenue	<u>40,943</u>	<u>-</u>	<u>-</u>	<u>40,943</u>
Net Assets Released from Restrictions	<u>425,500</u>	<u>(425,500)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	2,948,895	(149,232)	-	2,799,663
Expenses				
Program Services				
Farm Safety Day Programs	2,383,960	-	-	2,383,960
Support Services				
Fundraising	278,539	-	-	278,539
Administrative and General	172,260	-	-	172,260
Total Support Services	<u>450,799</u>	<u>-</u>	<u>-</u>	<u>450,799</u>
Total Expenses	<u>2,834,759</u>	<u>-</u>	<u>-</u>	<u>2,834,759</u>
Excess (Deficit) of Public Support and Revenue over Expenses	114,136	(149,232)	-	(35,096)
Net Assets - Beginning of Year	<u>201,824</u>	<u>625,500</u>	<u>16,000</u>	<u>843,324</u>
Net Assets - End of Year	<u>\$ 315,960</u>	<u>\$ 476,268</u>	<u>\$ 16,000</u>	<u>\$ 808,228</u>

The Notes to Financial Statements are an integral part of these statements.

PROGRESSIVE AGRICULTURE FOUNDATION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Excess (Deficit) of Public Support and Revenues over Expenses	\$ (38,862)	\$ (35,096)
Adjustments to reconcile excess (deficit) of public support and revenue over expenses to net cash provided (used) by operating activities		
Interest earned on certificates of deposit	(590)	(774)
(Increase) decrease in prepaid expenses	43,324	18,391
(Increase) decrease in pledges receivable	(97,300)	(303,850)
(Increase) decrease in other receivables	-	3,700
(Increase) decrease in long-term pledges	100,000	100,000
Increase (decrease) in accounts payable	(6,444)	4,569
Increase (decrease) in accrued salaries	314	1,652
	442	(211,408)
Net Cash Provided (Used) by Operating Activities	442	(211,408)
Cash Flows from Investing Activities		
Proceeds from certificates of deposit	-	73,560
	-	73,560
Net Cash Provided (Used) by Investing Activities	-	73,560
Net Increase (Decrease) in Cash and Cash Equivalents	442	(137,848)
Cash and Cash Equivalents, beginning of year	186,930	324,778
Cash and Cash Equivalents, end of year	\$ 187,372	\$ 186,930

The Notes to Financial Statements are an integral part of these statements.

**PROGRESSIVE AGRICULTURE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are not subject to donor-imposed restrictions but may be designated for specific purposes by action of the Board of Directors. Temporarily restricted net assets are subject to donor-imposed restrictions on the use or timing of usage of the donated assets. These restrictions are fulfilled by specific actions of the Board of Directors or by the passage of time. Permanently restricted net assets are subject to donor-imposed restrictions requiring they be held in perpetuity. All permanently restricted net assets are restricted for endowment. These restrictions can only be fulfilled by written direction of the donor and approval of the Board of Directors.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments, which are convertible into cash within three months of the balance sheet date. The Foundation held restricted cash related to future Progressive Agriculture Safety Day Programs of \$42,500 and \$57,418 at December 31, 2017 and 2016, respectively.

PROGRESSIVE AGRICULTURE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost, or if contributed, at the estimated fair market value at the date of contribution. If donors stipulate how long assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of vehicle and equipment are recorded as unrestricted support. Maintenance, repairs and minor renovations are charged to income as incurred.

When property and equipment are retired or otherwise disposed of, the related costs are removed from the respective accounts and any gain or loss on the disposition is credited or charged to income. The Foundation provides for depreciation of property and equipment using the straight-line method designed to amortize costs over estimated useful lives. The estimated useful lives are 5 years for vehicles and 3 to 5 years for furniture and equipment. The vehicles, furniture and equipment were fully depreciated at December 31, 2017 and 2016.

Pledges Receivable

The Foundation reports pledges receivable at net realizable value. Pledges receivable are considered to be unconditional promises to give and are recognized as revenues and receivables in the period the pledge is made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management determines the allowance for uncollectible pledges based on historical losses and current economic conditions. On a continuing basis, management analyzes outstanding pledges and, once they are determined to be uncollectible, writes them off through a charge against an existing allowance account or against earnings. Based upon management's review of outstanding pledges at December 31, 2017 and 2016, no allowance for uncollectible pledges was considered necessary.

Donated Services

Individual volunteers are responsible for the planning and execution of each Progressive Agriculture Foundation's Safety Day Program. Volunteers provide the planning, registration and oversight functions for the programs, and the Foundation provides the necessary training, guidance and instruction on program operations. Volunteer hours vary by program, location and the number of programs sponsored annually. No amounts are recognized in the statements of activities because the criteria for recognition under the provisions of Financial Accounting Standards Board (FASB) ASC 958 have not been satisfied. Certain other services such as advertising services were contributed by sponsors and recorded as gifts-in-kind (see Note 4).

PROGRESSIVE AGRICULTURE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization as defined in Section 501(c) (3) of the Internal Revenue Code and is exempt from income tax.

The Foundation has implemented the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2017 and 2016, the Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Advertising

The Foundation expenses advertising costs as incurred. Advertising costs include print media and totaled \$1,474,574 and \$1,368,395 for the years ended December 31, 2017 and 2016, respectively. Gifts-in-kind accounted for 95% of advertising expense for the years ended December 31, 2017 and 2016.

Expense Allocation

Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program services on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Evaluation of Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

PROGRESSIVE AGRICULTURE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 2 – NATURE OF ACTIVITIES

The Progressive Agriculture Foundation (the “Foundation”) was established as a nonprofit private foundation in 1997 to coordinate and oversee farm safety and health programs provided to qualified groups who request to participate in the program. The Foundation changed its status from a private foundation to a public charity in 2004. The vision of the Foundation is that no child would become ill, be injured or die from farm, ranch and rural activities. The mission is to provide education and training to make farm, ranch and rural life safer and healthier for children and their communities. The Foundation is engaged in various educational and training activities to make farm and ranch life safer and healthier for all children throughout the United States and Canada.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2017 and 2016:

	2017	2016
Vehicle	\$ 30,109	\$ 30,109
Furniture and equipment	3,235	3,235
	33,344	33,344
Less: accumulated depreciation	(33,344)	(33,344)
Total	\$ -	\$ -

NOTE 4 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Sponsors who make contributions to the Progressive Agriculture Foundation's Safety Day Programs generally specify that their contributions sponsor programs for a given year. At December 31, 2017, temporarily restricted net assets were available for future Progressive Agriculture Safety Day Programs.

Permanently restricted net assets require the assets be held in perpetuity, and the Foundation requires that endowment assets be invested in certificates of deposit. The annual earnings on these assets will be used to support the programs of the Foundation.

NOTE 5 – GIFTS-IN-KIND

Total gifts-in-kind revenue and expense of \$1,508,815 and \$1,479,764 was recorded for the years ended December 31, 2017 and 2016, respectively, for advertising services, satellite training and various supplies, and services provided to the Foundation by certain sponsors.

PROGRESSIVE AGRICULTURE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 6 – PENSION PLAN

The Foundation maintains a voluntary participation 401(k) defined contribution plan. Eligible participants may contribute to the plan up to the maximum contribution levels as determined by the Internal Revenue Service. The Foundation will match 100% of contributions up to \$3,000 annually for each participant. The Foundation's expenses under the plan totaled \$15,363 and \$15,029 for the years ended December 31, 2017 and 2016, respectively.

NOTE 7 – CONCENTRATIONS

Approximately 41% of all 2017 cash pledges were received from three donors.

Approximately 79% of all 2017 in-kind contributions were received from two donors.

NOTE 8 – DONOR DESIGNATED ENDOWMENTS

The Foundation follows the Uniform Prudent Management of Institutional Funds Act of 1972 (UPMIFA) and its own governing documents. UPMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA. The Foundation's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The State of Alabama enacted UPMIFA effective 2008, the provisions of which apply to endowment funds existing on or established after that date. The Foundation follows Financial Accounting Standards Board (FASB) ASC 958-205 which provides guidance on the net asset classification of donor-restricted endowment funds. The Board of Trustees has determined that the majority of the Foundation's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

SUPPLEMENTARY INFORMATION

PROGRESSIVE AGRICULTURE FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	Program Services	Fundraising Expense	General and Administrative	Total
Advertising and Public Relations	\$ 1,474,574	\$ -	\$ -	\$ 1,474,574
Salaries	215,406	153,296	80,555	449,257
T-shirts	285,631	-	-	285,631
Employee Benefits and Payroll Taxes	74,488	55,757	18,152	148,397
Postage	74,624	-	608	75,232
Supplies	63,486	-	-	63,486
Insurance	38,390	-	5,098	43,488
General Program Planning	43,576	-	-	43,576
Professional Fees	-	-	38,923	38,923
Training Manuals and Supplies	22,969	-	-	22,969
Rent	12,540	3,964	3,300	19,804
Board Meetings	-	-	13,891	13,891
Training Sessions	22,784	-	-	22,784
Travel	-	52,402	-	52,402
Telephone	12,449	-	2,867	15,316
Taxes and Licenses	-	13,498	42	13,540
Website	47,727	-	-	47,727
Office Supplies	-	1,488	1,640	3,128
Miscellaneous	-	6,268	3,500	9,768
Sponsor Meetings	-	3,861	-	3,861
Dues and Subscriptions	-	-	2,484	2,484
Bank Fees	-	-	497	497
Printing and Reproduction	1,635	-	-	1,635
Auto	-	-	943	943
Total Functional Expenses	\$ 2,390,279	\$ 290,534	\$ 172,500	\$ 2,853,313

PROGRESSIVE AGRICULTURE FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016

	Program Services	Fundraising Expense	General and Administrative	Total
Advertising and Public Relations	\$ 1,368,395	\$ -	\$ -	\$ 1,368,395
Salaries	200,024	151,997	79,866	431,887
T-shirts	323,386	-	-	323,386
Employee Benefits and Payroll Taxes	69,681	51,705	18,446	139,832
Postage	64,927	-	1,826	66,753
Supplies	78,242	-	-	78,242
Insurance	35,791	-	3,916	39,707
General Program Planning	64,413	-	-	64,413
Professional Fees	-	-	38,330	38,330
Training Manuals and Supplies	26,774	-	-	26,774
Rent	9,869	5,068	6,067	21,004
Board Meetings	-	-	10,364	10,364
Training Sessions	28,138	-	-	28,138
Travel	-	38,830	-	38,830
Telephone	13,995	-	2,022	16,017
Taxes and Licenses	-	13,452	132	13,584
Website	98,362	-	-	98,362
Office Supplies	-	1,629	7,709	9,338
Miscellaneous	-	14,778	159	14,937
Sponsor Meetings	-	1,080	-	1,080
Dues and Subscriptions	-	-	1,414	1,414
Bank Fees	-	-	1,568	1,568
Printing and Reproduction	1,963	-	-	1,963
Auto	-	-	441	441
Total Functional Expenses	\$ 2,383,960	\$ 278,539	\$ 172,260	\$ 2,834,759