

Progressive Agriculture Foundation
Birmingham, Alabama

Financial Report

December 31, 2018

Including Report of
Independent Auditors

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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 Foundation), which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

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, 2018 and 2017, and the changes in its net assets and cash flows, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Dent Moses LLP

Birmingham, Alabama
April 17, 2019

PROGRESSIVE AGRICULTURE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

ASSETS	2018	2017
Current assets		
Cash and cash equivalents	\$ 116,771	\$ 187,372
Certificates of deposit	83,043	82,145
Prepaid expenses	8,709	53,111
Pledges receivable	462,100	461,150
Other receivables	995	-
Total current assets	671,618	783,778
Other assets		
Restricted certificates of deposit	16,000	16,000
Total other assets	16,000	16,000
Total assets	\$ 687,618	\$ 799,778
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 8,660	\$ 11,301
Accrued salaries	20,225	19,111
Total current liabilities	28,885	30,412
Net assets		
Net assets without donor restrictions	149,733	358,966
Net assets with donor restrictions	509,000	410,400
Total net assets	658,733	769,366
Total liabilities and net assets	\$ 687,618	\$ 799,778

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

PROGRESSIVE AGRICULTURE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended December 31, 2018

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Public Support and Revenue			
Public Support of Farm Safety Day Programs			
Cash pledges	\$ 623,308	\$ 508,000	\$ 1,131,308
Gifts-in-kind	1,573,061	-	1,573,061
Total Public Support	<u>2,196,369</u>	<u>508,000</u>	<u>2,704,369</u>
Revenue			
Interest	1,327	-	1,327
Training	21,695	-	21,695
Other	16,614	-	16,614
Total Revenue	<u>39,636</u>	<u>-</u>	<u>39,636</u>
Net Assets Released from Restrictions	<u>409,400</u>	<u>(409,400)</u>	<u>-</u>
Total Public Support and Revenue	2,645,405	98,600	2,744,005
Expenses			
Program Services			
Farm Safety Day Programs	2,409,559	-	2,409,559
Support Services			
Fundraising	274,410	-	274,410
Administrative and General	170,669	-	170,669
Total Support Services	<u>445,079</u>	<u>-</u>	<u>445,079</u>
Total Expenses	<u>2,854,638</u>	<u>-</u>	<u>2,854,638</u>
Change in Net Assets	(209,233)	98,600	(110,633)
Net Assets - Beginning of Year	<u>358,966</u>	<u>410,400</u>	<u>769,366</u>
Net Assets - End of Year	<u><u>\$ 149,733</u></u>	<u><u>\$ 509,000</u></u>	<u><u>\$ 658,733</u></u>

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

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

	Net assets without donor restrictions	Net assets with donor restrictions	Total
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	2,484,780	294,400	2,779,180
Revenue			
Interest	959	-	959
Training	27,165	-	27,165
Other	7,147	-	7,147
Total Revenue	35,271	-	35,271
Net Assets Released from Restrictions	376,268	(376,268)	-
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	463,034	-	463,034
Total Expenses	2,853,313	-	2,853,313
Change in Net Assets	43,006	(81,868)	(38,862)
Net Assets - Beginning of Year	315,960	492,268	808,228
Net Assets - End of Year	\$ 358,966	\$ 410,400	\$ 769,366

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

PROGRESSIVE AGRICULTURE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2018

	Program Activities		Supporting Activities			Total Expenses
			Fundraising	Management and General	Total Supporting Activities	
Advertising and Public Relations	\$ 1,546,935	\$ -	\$ -	\$ -	\$ -	\$ 1,546,935
Auto	-	-	-	1,330	1,330	1,330
Bank Fees	-	-	-	1,254	1,254	1,254
Board Meetings	-	-	-	15,554	15,554	15,554
Dues and Subscriptions	-	-	-	2,992	2,992	2,992
Employee Benefits and Payroll Taxes	70,641	50,645	-	11,762	62,407	133,048
General Program Planning	92,926	-	-	-	-	92,926
Insurance	38,690	-	-	5,865	5,865	44,555
Miscellaneous	-	3,675	-	363	4,038	4,038
Office Supplies	-	1,530	-	2,055	3,585	3,585
Postage	57,057	-	-	297	297	57,354
Printing and Reproduction	-	3,286	-	-	3,286	3,286
Professional Fees	-	-	-	42,781	42,781	42,781
Rent	14,380	4,757	-	-	4,757	19,137
Salaries	219,694	157,774	-	85,008	242,782	462,476
Sponsor Meetings	-	2,959	-	-	2,959	2,959
Supplies	69,979	-	-	-	-	69,979
Taxes and Licenses	-	11,783	-	65	11,848	11,848
Telephone	9,951	-	-	1,343	1,343	11,294
Training Manuals and Supplies	16,602	-	-	-	-	16,602
Training Sessions	21,548	-	-	-	-	21,548
Travel	-	38,001	-	-	38,001	38,001
T-shirts	250,174	-	-	-	-	250,174
Website	982	-	-	-	-	982
Total Functional Expenses	\$ 2,409,559	\$ 274,410	\$ 170,669	\$ 445,079	\$ 2,854,638	

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

PROGRESSIVE AGRICULTURE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2017

	Program Activities		Supporting Activities			Total Expenses
			Fundraising	Management and General	Total Supporting Activities	
Advertising and Public Relations	\$	1,474,574	\$	-	\$	\$ 1,474,574
Auto		-		943		943
Bank Fees		-		497		497
Board Meetings		-		13,891		13,891
Dues and Subscriptions		-		2,484		2,484
Employee Benefits and Payroll Taxes		74,488		18,152		148,397
General Program Planning		43,576		-		43,576
Insurance		38,390		5,098		43,488
Miscellaneous		-		3,500		9,768
Office Supplies		-		1,640		3,128
Postage		74,624		608		75,232
Printing and Reproduction		-		-		1,635
Professional Fees		-		38,923		38,923
Rent		12,540		3,300		19,804
Salaries		215,406		80,555		449,257
Sponsor Meetings		-		-		3,861
Supplies		63,486		-		63,486
Taxes and Licenses		-		42		13,540
Telephone		12,449		2,867		15,316
Training Manuals and Supplies		22,969		-		22,969
Training Sessions		22,784		-		22,784
Travel		-		-		52,402
T-shirts		285,631		-		285,631
Website		47,727		-		47,727
Total Functional Expenses	\$	2,388,644	\$	292,169	\$	464,669
						\$ 2,853,313

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

PROGRESSIVE AGRICULTURE FOUNDATION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ (110,633)	\$ (38,862)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Interest earned on certificates of deposit	(898)	(590)
(Increase) decrease in prepaid expenses	44,402	43,324
(Increase) decrease in pledges receivable	(950)	(97,300)
(Increase) decrease in other receivables	(995)	-
(Increase) decrease in long-term pledges	-	100,000
Increase (decrease) in accounts payable	(2,641)	(6,444)
Increase (decrease) in accrued salaries	1,114	314
Net Cash Provided (Used) by Operating Activities	(70,601)	442
Net Increase (Decrease) in Cash and Cash Equivalents	(70,601)	442
Cash and Cash Equivalents, beginning of year	187,372	186,930
Cash and Cash Equivalents, end of year	\$ 116,771	\$ 187,372

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

PROGRESSIVE AGRICULTURE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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 two classes of net assets: The two classes of net assets are as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Consist of temporarily restricted and permanently restricted net assets. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Foundation.

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 \$40,900 and \$42,500 at December 31, 2018 and 2017, respectively.

PROGRESSIVE AGRICULTURE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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, 2018 and 2017.

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, 2018 and 2017, 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, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a tax-exempt entity under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Foundation has no significant uncertain tax positions that would require either recognition or disclosure in the financial statements. No interest or penalties related to income taxes have been recognized in the financial statements.

Advertising

The Foundation expenses advertising costs as incurred. Advertising costs include print media and totaled \$1,546,935 and \$1,474,574 for the years ended December 31, 2018 and 2017, respectively. Gifts-in-kind accounted for 94% of advertising expense for the years ended December 31, 2018 and 2017.

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.

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.

PROGRESSIVE AGRICULTURE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 3 – CASH MANAGEMENT AND AVAILABILITY

Management operates using budgets to ensure the Foundation has enough resources from contributions to cover general expenses for the year. Contributions are generally solicited in advance, and the Foundation maintains adequate investment reserves to supplement cash flows as needed. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of the financial position date because of the contractual or donor-imposed restrictions or internal designations.

Financial assets, at year-end	\$	662,909
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		493,000
Endowments permanently restricted by donor		<u>16,000</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>153,909</u></u>

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable at December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
2017 Safety Days	\$ -	\$ 109,250
2018 Safety Days	10,000	351,900
2019 Safety Days	<u>452,100</u>	<u>-</u>
Total	<u>\$ 462,100</u>	<u>\$ 461,150</u>

All pledges are due within one year.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Vehicle	\$ 30,109	\$ 30,109
Furniture and equipment	<u>3,235</u>	<u>3,235</u>
	33,344	33,344
Less: accumulated depreciation	<u>(33,344)</u>	<u>(33,344)</u>
Total	<u>\$ -</u>	<u>\$ -</u>

PROGRESSIVE AGRICULTURE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Sponsors who make contributions to the Progressive Agriculture Foundation's Safety Day Programs generally specify that their contributions sponsor programs for a given year. Net assets with donor restrictions available for future Progressive Agriculture Safety Day programs totaled \$394,400 and \$476,268 for the years ended December 31, 2018 and 2017, respectively.

Additionally, net assets with donor restrictions include assets required by the donor to be held in perpetuity, and the Foundation requires that such endowment assets be invested in certificates of deposit. The annual earnings on these assets will be used to support the programs of the Foundation. Net assets with donor restrictions held in perpetuity totaled \$16,000 at December 31, 2018 and 2017.

NOTE 7 – GIFTS-IN-KIND

Total gifts-in-kind revenue and expense of \$1,573,061 and \$1,508,815 was recorded for the years ended December 31, 2018 and 2017, respectively, for advertising services, satellite training and various supplies, and services provided to the Foundation by certain sponsors.

NOTE 8 – 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 \$17,166 and \$15,363 for the years ended December 31, 2018 and 2017, respectively.

NOTE 9 – CONCENTRATIONS

Approximately 69% of all 2018 cash pledges were received from four donors. Approximately 41% of all 2017 cash pledges were received from three donors.

Approximately 76% of all 2018 in-kind contributions were received from two donors. Approximately 79% of all 2017 in-kind contributions were received from two donors.

PROGRESSIVE AGRICULTURE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 10 – 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. Additionally, no endowment funds were underwater at December 31, 2018 and 2017.

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 certain amounts of the Foundation's net assets with donor restrictions meet the definition of endowment funds under UPMIFA. As of December 31, 2018 and 2017, the Foundation has donor-restricted endowments totaling \$16,000.