

PROGRESSIVE AGRICULTURE FOUNDATION

Financial Statements

December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To 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, 2020 and 2019, 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, 2020 and 2019, 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.

The Highlands Accounting Group, Inc.

The Highlands Accounting Group, Inc.

Birmingham, Alabama
April 22, 2021

PROGRESSIVE AGRICULTURE FOUNDATION
 Statements of Financial Position
 December 31, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 217,840	\$ 150,611
Certificates of deposit	86,196	84,579
Prepaid expenses and supplies	240,637	20,222
Pledges receivable	467,500	478,266
	1,012,173	733,678
Restricted certificates of deposit	16,000	16,000
Property and equipment, net	4,767	-
	\$ 1,032,940	\$ 749,678
 Liabilities and Net Assets		
Accounts payable	\$ 3,175	\$ 13,148
Accrued payroll and related liabilities	8,807	25,332
	11,982	38,480
Net assets		
Without donor restrictions	646,558	80,198
With donor restrictions	374,400	631,000
	1,020,958	711,198
	\$ 1,032,940	\$ 749,678

See notes to financial statements.

PROGRESSIVE AGRICULTURE FOUNDATION
Statement of Activities
Year ended December 31, 2020

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Public Support and Revenue			
Public Support of Farm Safety Day Programs			
Cash pledges	\$ 746,923	\$ 358,400	\$ 1,105,323
Gifts-in-kind	507,369	-	507,369
	<u>1,254,292</u>	<u>358,400</u>	<u>1,612,692</u>
Revenue			
Interest	2,849	-	2,849
Training	3,601	-	3,601
Other	99,271	-	99,271
	<u>105,721</u>	<u>-</u>	<u>105,721</u>
Net Assets Released from Restrictions	<u>615,000</u>	<u>(615,000)</u>	<u>-</u>
	1,975,013	(256,600)	1,718,413
Expenses			
Program services - Farm Safety Day Programs	994,179	-	994,179
Support services			
Fundraising	255,480	-	255,480
Administrative and general	158,994	-	158,994
	<u>1,408,653</u>	<u>-</u>	<u>1,408,653</u>
Change in net assets	566,360	(256,600)	309,760
Net assets - beginning of year	<u>80,198</u>	<u>631,000</u>	<u>711,198</u>
Net assets - end of year	<u>\$ 646,558</u>	<u>\$ 374,400</u>	<u>\$ 1,020,958</u>

See notes to financial statements.

PROGRESSIVE AGRICULTURE FOUNDATION
Statement of Activities
Year ended December 31, 2019

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Public Support and Revenue			
Public Support of Farm Safety Day Programs			
Cash pledges	\$ 702,668	\$ 615,000	\$ 1,317,668
Gifts-in-kind	1,555,782	-	1,555,782
	<u>2,258,450</u>	<u>615,000</u>	<u>2,873,450</u>
Revenue			
Interest	2,582	-	2,582
Training	40,856	-	40,856
Other	7,506	-	7,506
	<u>50,944</u>	<u>-</u>	<u>50,944</u>
Net Assets Released from Restrictions	<u>493,000</u>	<u>(493,000)</u>	<u>-</u>
	2,802,394	122,000	2,924,394
Expenses			
Program services - Farm Safety Day Programs	2,440,459	-	2,440,459
Support services			
Fundraising	260,868	-	260,868
Administrative and general	170,602	-	170,602
	<u>2,871,929</u>	<u>-</u>	<u>2,871,929</u>
Change in net assets	(69,535)	122,000	52,465
Net assets - beginning of year	<u>149,733</u>	<u>509,000</u>	<u>658,733</u>
Net assets - end of year	<u>\$ 80,198</u>	<u>\$ 631,000</u>	<u>\$ 711,198</u>

See notes to financial statements.

PROGRESSIVE AGRICULTURE FOUNDATION

Statement of Functional Expenses

Year ended December 31, 2020

	Program Services	Fundraising	Administrative and General	Total
Advertising and public relations	\$ 528,206	\$ -	\$ -	\$ 528,206
Auto	-	-	1,676	1,676
Bank fees	-	-	98	98
Board meetings	-	-	610	610
Dues and subscriptions	-	-	583	583
Employee benefits and payroll taxes	69,043	48,669	10,946	128,658
General program planning	25,104	-	-	25,104
Insurance	28,722	-	4,429	33,151
Miscellaneous	-	5,849	2,342	8,191
Office supplies	-	1,010	7,423	8,433
Postage	10,291	-	411	10,702
Printing and reproduction	-	-	1,050	1,050
Professional fees	-	-	40,125	40,125
Rent	11,823	-	-	11,823
Salaries	238,858	167,426	88,038	494,322
Sponsor meetings	-	1,366	-	1,366
Supplies	13,078	-	-	13,078
Taxes and licenses	-	23,238	49	23,287
Telephone	8,516	3,198	1,214	12,928
Training manuals and supplies	1,069	-	-	1,069
Training sessions	7,351	-	-	7,351
Travel	-	4,724	-	4,724
T-shirts	44,489	-	-	44,489
Website	7,629	-	-	7,629
	<u>\$ 994,179</u>	<u>\$ 255,480</u>	<u>\$ 158,994</u>	<u>\$ 1,408,653</u>

See notes to financial statements.

PROGRESSIVE AGRICULTURE FOUNDATION

Statement of Functional Expenses

Year ended December 31, 2019

	Program Services	Fundraising	Administrative and General	Total
Advertising and public relations	\$ 1,536,088	\$ -	\$ -	\$ 1,536,088
Auto	-	-	398	398
Bank fees	-	-	1,394	1,394
Board meetings	-	-	11,065	11,065
Dues and subscriptions	-	-	1,717	1,717
Employee benefits and payroll taxes	67,670	49,039	10,771	127,480
General program planning	67,552	-	-	67,552
Insurance	45,939	-	5,053	50,992
Miscellaneous	-	4,598	258	4,856
Office supplies	-	545	6,322	6,867
Postage	68,106	-	1,058	69,164
Printing and reproduction	-	225	2,277	2,502
Professional fees	-	-	44,290	44,290
Rent	12,521	-	-	12,521
Salaries	226,219	162,647	84,720	473,586
Sponsor meetings	-	2,628	-	2,628
Supplies	82,587	-	-	82,587
Taxes and licenses	-	7,117	34	7,151
Telephone	7,794	3,683	1,245	12,722
Training manuals and supplies	34,257	-	-	34,257
Training sessions	24,675	-	-	24,675
Travel	-	30,386	-	30,386
T-shirts	264,241	-	-	264,241
Website	2,810	-	-	2,810
	<u>\$ 2,440,459</u>	<u>\$ 260,868</u>	<u>\$ 170,602</u>	<u>\$ 2,871,929</u>

See notes to financial statements.

PROGRESSIVE AGRICULTURE FOUNDATION
 Statements of Cash Flows
 Years ended December 31, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ 309,760	\$ 52,465
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Donation of vehicle	(5,500)	-
Depreciation	733	-
Changes in operating assets and liabilities		
Certificates of deposit - interest	(1,617)	(1,536)
Prepaid expenses	(220,415)	(11,513)
Pledges receivable	10,766	(16,166)
Other receivables	-	995
Accounts payable	(9,973)	4,488
Accrued payroll and related liabilities	(16,525)	5,107
Net cash provided by operating activities	67,229	33,840
Net increase in cash and cash equivalents	67,229	33,840
Cash and cash equivalents - beginning of year	150,611	116,771
Cash and cash equivalents - end of year	\$ 217,840	\$ 150,611

See notes to financial statements.

PROGRESSIVE AGRICULTURE FOUNDATION

Notes to Financial Statements
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Progressive Agriculture Foundation (the Organization) 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 Organization changed its status from a private foundation to a public charity in 2004. The vision of the Organization 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 Organization is engaged in various education and training activities to make farm and ranch life safer and healthier for all children throughout the United States and Canada.

Basis of Accounting - The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing the financial statements, management evaluated subsequent events through the date of the independent auditors' report, the date the financial statements were available to be issued.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balance reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The Organization has never experienced any losses related to these balances. The Organization held restricted cash related to future Progressive Agriculture Safety Day Programs of \$5,000 and \$155,000 at December 31, 2020 and 2019, respectively.

Pledges Receivable - The Organization reports pledges receivable at net realizable value. Pledges receivable are considered to be unconditional promises to give and are recognized as revenues in the period the pledges are 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, they are written off through a charge against an existing allowance account or against current earnings. Based on management's review of current pledges receivable, no allowance for uncollectible pledges was considered necessary at December 31, 2020 and 2019.

Property and Equipment - Property and equipment are carried at cost, or if contributed, at the estimated fair market value at the date of the contribution, less accumulated depreciation and include expenditures which substantially increase the useful lives of existing property and equipment. Maintenance, repairs and minor renovations are charged to expenses as incurred. When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any gain or loss on the disposition is credited or charged to income. The Organization provides for depreciation of property and equipment using the straight-line method designed to amortize costs over estimated useful lives as follows: vehicles, 5 years; and furniture and equipment, 3 to 5 years. During the year ended December 31, 2020, a vehicle was donated to the organization with a value totaling \$5,500.

PROGRESSIVE AGRICULTURE FOUNDATION

Notes to Financial Statements

December 31, 2020 and 2019

(Continued)

Net Assets - The Organization reports information regarding its financial position according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions are those currently available at the direction of the Board of Directors for use in the Organization's operations and those resources invested in property and equipment. Net assets with donor restrictions are those which are stipulated by donors for specific operating purposes and those that are time restricted.

Income Taxes - The Organization has been granted tax-exempt status by the Internal Revenue Service for income tax purposes. The Organization is subject to unrelated business income tax (UBIT) only if it engages in activities subject to the UBIT regulations.

Tax positions are initially recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. The Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of December 31, 2020 and 2019, based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter for all open tax years.

Donated Services and Supplies - 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 function for the programs. Volunteer hours vary by program, location and the number of programs sponsored annually. No amounts for these volunteer hours 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.

Advertising services, satellite training and various supplies were provided to the Organization by certain sponsors. Total gifts-in-kind revenue and expense of \$507,369 and \$1,555,782 was recorded for the years ended December 31, 2020 and 2019, respectively.

Functional Expenses - The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are recorded directly according to their natural expense classification. Other expenses that are common to several functions are allocated on the basis 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 Organization.

Advertising - The Organization expenses advertising costs as incurred. Advertising costs include print media and totaled \$528,206 and \$1,536,088 for the years ended December 31, 2020 and 2019, respectively.

Concentrations - During 2020, approximately 60% of all cash pledges were received from three donors and approximately 78% of in-kind contributions were received from one donor. During 2019, approximately 61% of all cash pledges were received from three donors and approximately 82% of in-kind contributions were received from two donors.

PROGRESSIVE AGRICULTURE FOUNDATION

Notes to Financial Statements

December 31, 2020 and 2019

(Continued)

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's financial assets reflected as assets in the statement of financial position are restricted by donors with time or purpose restrictions as follows:

	<u>2020</u>	<u>2019</u>
Net assets - end of year	\$ 1,032,940	\$ 749,678
Less those unavailable for general expenditures within one year:		
Restricted by donor with time or purpose restrictions	358,400	615,000
Endowments permanently restricted by donor	16,000	16,000
	<u>\$ 658,540</u>	<u>\$ 118,678</u>

The Organization has net assets with donor restrictions restricted for the purpose of sponsor programs for specific years. Net assets with donor restrictions include assets required by the donor to be held in perpetuity, and the Organization 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 Organization since the donor did place restrictions on the use of appreciation. The Organization follows the Uniform Prudent Management of Institutional Funds Act of 1972 (UPMIFA) and its own governing documents. UPMIFA requires the historical dollar amount of donor restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation or a donor-restricted endowment fund is spendable under UPMIFA. No endowment funds were underwater at December 31, 2020 and 2019. The state of Alabama enacted UPMIFA effective 2008, the provisions of which apply to endowment funds existing on or established after that date. The Organization follows ASB ASC 958-205 which provides guidance on the net asset classification of donor restricted endowment funds. The Board of Trustees has determined that certain amount of the Organization's net assets with donor restrictions meet the definition of endowment funds under UPMIFA.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable, all due within one year, consisted of the following:

	<u>2020</u>	<u>2019</u>
2019 Safety Days	\$ -	\$ 10,000
2020 Safety Days	15,000	468,266
2021 Safety Days	452,500	-
	<u>\$ 467,500</u>	<u>\$ 478,266</u>

PROGRESSIVE AGRICULTURE FOUNDATION

Notes to Financial Statements

December 31, 2020 and 2019

(Continued)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2020</u>		<u>2019</u>
Vehicles	\$ 35,609	\$	30,109
Furniture and equipment	3,235		3,235
	<u>38,844</u>		<u>33,344</u>
Less accumulated depreciation	<u>34,077</u>		<u>33,344</u>
	<u>\$ 4,767</u>	\$	<u>-</u>

NOTE 5 - CONDITIONAL GRANT

During the year ended December 31, 2020, the Organization received \$93,000 related to funds obtained under The Coronavirus Aid, Relief, and Economic Security (Cares) Act. The CARES Act included several tax opportunities and appropriated funds for the SBA Paycheck Protection Program (PPP). PPP loans are forgivable if certain qualifications are met and any unforfeitable portion will convert to a 1% note payable, to be repaid over two years. The conditions of this government grant were met during the year ended December 31, 2020 because the Organization used the proceeds for purposes consistent with the PPP requirements and the amount has been included in other income on the statement of activities.

NOTE 6 - RETIREMENT PLAN

The Organization maintains a voluntary participation 401(k) defined contribution plan. Eligible participants may contribute to the plan up to the maximum amount as determined by Internal Revenue Service. The Organization will match 100% of contributions up to \$3,000 annually for each participant. The Organization's expenses under the plan totaled \$16,023 and \$15,968 for the years ended December 31, 2020 and 2019, respectively.

NOTE 7 - RISKS AND UNCERTAINTIES

As a result of the spread of the COVID-19 coronavirus, economic uncertainties continue which are possible to have a negative financial impact that could occur, though such potential impact is unknown at this time.

NOTE 8 - SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

During the year ended December 31, 2020, a vehicle was donated to the organization with a value totaling \$5,500.