

**PROGRESSIVE AGRICULTURE FOUNDATION**

Financial Statements

December 31, 2021 and 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Progressive Agriculture Foundation  
Birmingham, Alabama

### Opinion

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, 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.

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, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financials Statements section of our report. We are required to be independent of Progressive Agriculture Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibility of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Progressive Agriculture Foundation's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Progressive Agriculture Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Progressive Agriculture Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*The Highlands Accounting Group, Inc.*

The Highlands Accounting Group, Inc.

Birmingham, Alabama

April 19, 2022

**PROGRESSIVE AGRICULTURE FOUNDATION**  
 Statements of Financial Position  
 December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 664,085	\$ 217,840
Certificates of deposit	86,987	86,196
Prepaid expenses and supplies	28,285	240,637
Pledges receivable	321,750	467,500
Other receivables	66,000	-
	1,167,107	1,012,173
Restricted certificates of deposit	16,000	16,000
Long-term pledges receivable, net	396,127	-
Property and equipment, net	23,720	4,767
	<b>\$ 1,602,954</b>	<b>\$ 1,032,940</b>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 2,894	\$ 3,175
Accrued payroll and related liabilities	11,656	8,807
	14,550	11,982
Net assets		
Without donor restrictions	825,904	646,558
With donor restrictions	762,500	374,400
	1,588,404	1,020,958
	<b>\$ 1,602,954</b>	<b>\$ 1,032,940</b>

See notes to financial statements.

**PROGRESSIVE AGRICULTURE FOUNDATION**  
Statement of Activities  
Year ended December 31, 2021

	Net assets without donor restrictions	Net assets with donor restrictions	Total
<b>Public Support and Revenue</b>			
<b>Public Support of Farm Safety Day Programs</b>			
Cash pledges	\$ 792,349	\$ 746,500	\$ 1,538,849
Gifts-in-kind	615,128	-	615,128
	<u>1,407,477</u>	<u>746,500</u>	<u>2,153,977</u>
<b>Revenue</b>			
Interest	1,854	-	1,854
Training	8,375	-	8,375
Other	175,257	-	175,257
	<u>185,486</u>	<u>-</u>	<u>185,486</u>
<b>Net Assets Released from Restrictions</b>	<u>358,400</u>	<u>(358,400)</u>	<u>-</u>
	1,951,363	388,100	2,339,463
<b>Expenses</b>			
Program services - Farm Safety Day Programs	1,308,385	-	1,308,385
Support services			
Fundraising	289,352	-	289,352
Administrative and general	174,280	-	174,280
	<u>1,772,017</u>	<u>-</u>	<u>1,772,017</u>
Change in net assets	179,346	388,100	567,446
Net assets - beginning of year	<u>646,558</u>	<u>374,400</u>	<u>1,020,958</u>
Net assets - end of year	<u>\$ 825,904</u>	<u>\$ 762,500</u>	<u>\$ 1,588,404</u>

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
<b>Public Support and Revenue</b>			
<b>Public Support of Farm Safety Day Programs</b>			
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>
<b>Revenue</b>			
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>
<b>Net Assets Released from Restrictions</b>	<u>615,000</u>	<u>(615,000)</u>	<u>-</u>
	1,975,013	(256,600)	1,718,413
<b>Expenses</b>			
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 Functional Expenses

Year ended December 31, 2021

	<b>Program Services</b>	<b>Fundraising</b>	<b>Administrative and General</b>	<b>Total</b>
Advertising and public relations	\$ 654,758	\$ -	\$ -	\$ 654,758
Auto	-	-	2,065	2,065
Bank fees	-	-	168	168
Board meetings	-	-	2,280	2,280
Dues and subscriptions	-	-	2,234	2,234
Employee benefits and payroll taxes	70,247	59,215	11,219	140,681
Insurance	32,934	-	7,768	40,702
Miscellaneous	-	4,457	4,173	8,630
Office supplies	-	635	7,637	8,272
Postage	23,589	-	443	24,032
Professional fees	-	-	43,529	43,529
Rent	9,196	-	-	9,196
Salaries	258,788	196,600	91,204	546,592
Supplies	32,777	-	-	32,777
Taxes and licenses	-	19,147	57	19,204
Telephone	7,247	3,658	1,503	12,408
Training manuals and supplies	78	-	-	78
Training sessions	1,119	-	-	1,119
Travel	-	5,640	-	5,640
T-shirts	207,793	-	-	207,793
Website	9,859	-	-	9,859
	<u>\$ 1,308,385</u>	<u>\$ 289,352</u>	<u>\$ 174,280</u>	<u>\$ 1,772,017</u>

See notes to financial statements.



**PROGRESSIVE AGRICULTURE FOUNDATION**  
Statement of Functional Expenses  
Year ended December 31, 2020

	<b>Program Services</b>	<b>Fundraising</b>	<b>Administrative and General</b>	<b>Total</b>
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**  
 Statements of Cash Flows  
 Years ended December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Change in net assets	\$ 567,446	\$ 309,760
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Donation of vehicle	(16,500)	(5,500)
Depreciation	3,437	733
Changes in operating assets and liabilities		
Certificates of deposit - interest	(791)	(1,617)
Prepaid expenses	212,352	(220,415)
Pledges receivable	(250,377)	10,766
Other receivables	(66,000)	-
Accounts payable	(281)	(9,973)
Accrued payroll and related liabilities	2,849	(16,525)
Net cash provided by operating activities	452,135	67,229
<b>Investing Activities</b>		
Purchases of property and equipment	(5,890)	-
Net cash used in investing activities	(5,890)	-
Net increase in cash and cash equivalents	446,245	67,229
Cash and cash equivalents - beginning of year	217,840	150,611
Cash and cash equivalents - end of year	\$ 664,085	\$ 217,840

See notes to financial statements.

## PROGRESSIVE AGRICULTURE FOUNDATION

Notes to Financial Statements  
December 31, 2021 and 2020

### 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 \$26,000 and \$5,000 at December 31, 2021 and 2020, 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, 2021 and 2020.

A discount on long-term pledges receivable expected to be received over several years is computed using risk-free interest rates applicable to the years in which the pledges are expected to be received. Amortization of the discount is included in donation revenues. The interest rate used in computing the discount of estimated future cash flows was 0.39% for a multi-year pledge received in 2021.

## PROGRESSIVE AGRICULTURE FOUNDATION

Notes to Financial Statements

December 31, 2021 and 2020

(Continued)

**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 and equipment, 5 years; and furniture and equipment, 3 to 5 years. During the years ended December 31, 2021 and 2020, a vehicle was donated to the organization with a value totaling \$16,500 and \$5,500, respectively.

**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, 2021 and 2020, 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 \$615,128 and \$507,369 was recorded for the years ended December 31, 2021 and 2020, 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 \$654,758 and \$528,206 for the years ended December 31, 2021 and 2020, respectively.

**PROGRESSIVE AGRICULTURE FOUNDATION**

Notes to Financial Statements

December 31, 2021 and 2020

(Continued)

**Concentrations** - During 2021, approximately 61% of all cash pledges were received from three donors and approximately 90% of in-kind contributions were received from one donor. 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.

**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>2021</u>	<u>2020</u>
Total assets - end of year	\$ 1,602,954	\$ 1,032,940
Less those unavailable for general expenditures within one year:		
Long-term pledges receivable, net	396,127	-
Property and equipment, net	23,720	4,767
Restricted by donor with time or purpose restrictions	746,500	358,400
Endowments permanently restricted by donor	16,000	16,000
	<u>\$ 420,607</u>	<u>\$ 653,773</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, 2021 and 2020. 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.

**PROGRESSIVE AGRICULTURE FOUNDATION**

Notes to Financial Statements

December 31, 2021 and 2020

(Continued)

**NOTE 3 - PLEDGES RECEIVABLE**

Pledges receivable, all expected to be received in the year related to the safety days below, consisted of the following:

	<u>2021</u>	<u>2020</u>
2020 Safety Days	\$ -	\$ 15,000
2021 Safety Days	-	452,500
2022 Safety Days	321,750	-
2023 Safety Days	200,000	-
2024 Safety Days	200,000	-
	<u>721,750</u>	<u>467,500</u>
Less discount to present value	3,873	-
	<u>\$ 717,877</u>	<u>\$ 467,500</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Vehicles and equipment	\$ 57,998	\$ 35,608
Furniture and equipment	3,235	3,235
	<u>61,233</u>	<u>38,843</u>
Less accumulated depreciation	37,513	34,076
	<u>\$ 23,720</u>	<u>\$ 4,767</u>

**NOTE 5 - CONDITIONAL GRANT AND OTHER RECEIVABLES**

During the years ended December 31, 2021 and 2020, the Organization received approximately \$104,000 and \$93,000, respectively, related to funds obtained under The Consolidated Appropriations Act (CAA) and The Coronavirus Aid, Relief, and Economic Security (Cares) Act. The CAA and CARES Act included several tax opportunities, including expanded employee retention credits (ERC) and appropriated funds for the SBA Paycheck Protection Program (PPP). PPP loans are forgivable if certain qualifications are met and any unforgivable portion will convert to a 1% note payable, to be repaid over two years. The conditions of these government grants were met during the years ended December 31, 2021 and 2020 because the Organization used the proceeds for purposes consistent with the PPP requirements. The amounts have been included in other income on the statements of activities for the years ended December 31, 2021 and 2020 totaling approximately \$104,000 and \$93,000, respectively. The organization has also filed for ERC totaling approximately \$66,000 and has recorded a receivable related to this estimated amount.

**PROGRESSIVE AGRICULTURE FOUNDATION**

Notes to Financial Statements

December 31, 2021 and 2020

(Continued)

**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 \$17,138 and \$16,023 for the years ended December 31, 2021 and 2020, 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 years ended December 31, 2021 and 2020, a vehicle was donated to the organization with a value totaling \$16,500 and \$5,500, respectively.