

**FLORIDA 4-H CLUB FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
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**MARCH 31, 2022 AND 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Audit and Finance Committee,  
Florida 4-H Club Foundation, Inc.  
Gainesville, Florida:

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of the Florida 4-H Club Foundation, Inc. (the Foundation), a direct-support organization and component unit of the University of Florida, as of and for the years ended March 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of and for the years ended March 31, 2022 and 2021, and the changes in its financial position 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

The Foundation's management is responsible for the preparation and fair presentation of the 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 the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' Responsibilities for the Audit of the 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 auditor's 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 GAAS 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 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 GAAS and *Government 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 the 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 the Foundation's ability to continue as a going concern for a reasonable period of time.

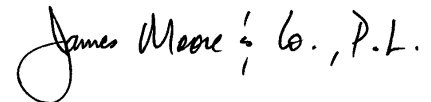
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida  
June 15, 2022

**FLORIDA 4-H CLUB FOUNDATION, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2022 AND 2021**

The Florida 4-H Club Foundation, Inc.'s (the Foundation) discussion and analysis is designed to assist the reader in focusing on an overview of financial activities, identify changes in the financial position, identify any material deviations from the financial plan, and identify issues and concerns. Since the Management Discussion and Analysis is intended to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements attached.

Incorporated in 1963, the Foundation is a tax-exempt non-profit foundation approved under Section 501(c)(3) of the Internal Revenue Code 170(b) (1). The Foundation is governed by a Board of Directors comprised of volunteer members and appointed University administration. Designated a Direct Support Organization, the Foundation is operated according to State University System rules, pursuant to Florida Statutes § 1004.28. It maintains a separate not-for-profit status and is authorized to receive, hold, invest, and administer property and make expenditures benefiting the University of Florida's 4-H Youth Development Program. The Foundation relies on contributions from the public and serves as fiscal agent for the Florida 4-H program activities. The Foundation manages funds for three residential camps and many state-level educational programs, competitive events, and recognition functions.

The Foundation's Mission: To passionately support Florida 4-H through advocacy, collaboration and funding.

The Foundation's Vision: To be the recognized champion of Florida 4-H.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of a series of financial statements:

- The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Foundation and present a longer-term view of the Foundation's financial position.
- The Statement of Cash Flows provides information regarding net cash from and used in 4-H programs and activities.

## **FINANCIAL ANALYSIS**

Operating revenues were \$554,827 for the fiscal year ending March 31, 2022, \$155,822 for the fiscal year ending March 31, 2021, and \$1,329,321 for the fiscal year ending March 31, 2020, generating an operating loss of (\$554,053), (\$404,522), and (\$180,016), respectively. Net cash flows from operations were (\$447,049), (\$454,977), and (\$139,497), respectively.

The following select information was derived from the Foundation's complete set of financial statements. It is presented to support management's analysis of the financial position and the results of operations that follow this information.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2022 AND 2021**  
(Continued)

**The Foundation's Net Position**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total Assets</b>	<u>\$ 3,993,306</u>	<u>\$ 4,050,397</u>	<u>\$ 3,180,821</u>
<b>Total Liabilities</b>	\$ 147,446	\$ 26,117	\$ 121,953
<b>Net Position</b>			
Unrestricted	\$ 3,435,003	\$ 3,563,007	\$ 2,683,018
Restricted Expendable	<u>\$ 410,857</u>	<u>\$ 461,273</u>	<u>\$ 375,850</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 3,993,306</u>	<u>\$ 4,050,397</u>	<u>\$ 3,180,821</u>

**The Foundation's Operations**

<b>Operating Revenue</b>			
Contributions	\$ 263,576	\$ 92,014	\$ 125,446
Other Operating Income	<u>\$ 291,251</u>	<u>\$ 63,808</u>	<u>\$ 1,203,875</u>
<b>Total Operating Revenues</b>	<u>\$ 554,827</u>	<u>\$ 155,822</u>	<u>\$ 1,329,321</u>
<b>Non-operating Revenues (Expenses)</b>	<u>\$ 154,050</u>	<u>\$ 1,157,527</u>	<u>\$ (257,095)</u>
<b>Total Revenues</b>	<u>\$ 708,877</u>	<u>\$ 1,313,349</u>	<u>\$ 1,072,226</u>
<b>Operating Expenses</b>			
4-H Camping	\$ 304,788	\$ 280,305	\$ 720,753
4-H Programs	\$ 549,043	\$ 127,668	\$ 620,362
Scholarships	\$ 32,500	\$ 18,467	\$ 19,900
Management and General	\$ 222,549	\$ 133,904	\$ 144,085
Donor Stewardship/Cultivation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,237</u>
<b>Total Operating Expenses</b>	<u>\$ 1,108,880</u>	<u>\$ 560,344</u>	<u>\$ 1,509,337</u>
<b>Excess (Deficiency)</b>	<u>\$ (400,003)</u>	<u>\$ 753,005</u>	<u>\$ (437,111)</u>
<b>Net Transfers in</b>	<u>\$ 221,583</u>	<u>\$ 212,407</u>	<u>\$ 186,420</u>
<b>Net Changes</b>	<u>\$ (178,420)</u>	<u>\$ 965,412</u>	<u>\$ (250,691)</u>
<b>Beginning Net Position</b>	<u>\$ 4,024,280</u>	<u>\$ 3,058,868</u>	<u>\$ 3,309,559</u>
<b>Ending Net Position</b>	<u>\$ 3,845,860</u>	<u>\$ 4,024,280</u>	<u>\$ 3,058,868</u>

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2022 AND 2021**  
(Continued)

There are several areas that have changed and are note-worthy from 2021 to 2022. The following will explain these changes:

- Contributions – increased due to receipt of an unexpected estate gift
- Other Operating Income – increased due to the opening of some camps and other state events during FY2022. For most of the prior year, all camps were closed and face to face statewide events were canceled due to the COVID 19 Pandemic.
- Non-operating Revenues (Expenses) – decreased due to above average market growth in investments during prior year.
- Total Operating Expenses – increased due to opening of some camps and statewide events which had been closed and/or canceled during previous year due to the COVID 19 Pandemic.
- Management and General – increased from prior year due to salaries being heavily supported by the UF/IFAS Dean for Extension during COVID 19 Pandemic.

There are several areas that have changed and are note-worthy from 2020 to 2021. The following will explain these changes:

- Unrestricted Net Position and Non-operating Revenues (Expenses) – increased due to above average market growth in investments.
- Other Operating Income – decreased due to the COVID 19 Pandemic. All camps were closed and face to face statewide events were canceled for most of FY2021. Florida 4-H held various virtual events but very few had registration fees. This significantly reduced the revenue.
- Total Operating Expenses – also decreased due to the COVID 19 Pandemic. With the camps closed and face to face events canceled, the expenses were significantly reduced.
- Management and General – these expenses are mostly set cost so the COVID 19 Pandemic had very little effect on these expenses.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2022 AND 2021**  
(Continued)

**HOW THE FOUNDATION IMPACTS THE 4-H PROGRAM**

The Foundation is a Direct Support Organization to the University of Florida, with the sole purpose of supporting the statewide UF/IFAS Extension 4-H Youth Development Program through its fundraising efforts and fiscal agent responsibilities.

The directors of the Foundation serve three key roles in carrying out its mission:

- (1) Directors have a fiduciary responsibility to carry out the Foundation's mission and provide diligent stewardship of its assets.
- (2) Directors are responsible for the growth of the Foundation's assets through fundraising efforts and the development of resources to support Florida 4-H.
- (3) Directors are informed and positive advocates of the 4-H Foundation and the UF/IFAS Extension 4-H Youth Development Program it supports.

**CONTACTING THE FOUNDATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Foundation's Board of Directors, creditors, and the Board of Trustees of the University of Florida with a general overview of the Foundation's finances. If you have questions regarding this report or need additional information, please contact the Foundation's Office at (352) 273-3540.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**STATEMENTS OF NET POSITION**  
**MARCH 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 236,323	\$ 139,380
Investments	3,702,501	3,870,861
Funds held with the University of Florida	129	128
Accounts receivable	39,443	15,606
Inventory	14,910	24,422
<b>Total assets</b>	<b>\$ 3,993,306</b>	<b>\$ 4,050,397</b>
<b><u>LIABILITIES AND NET POSITION</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 92,350	\$ 24,598
Deposits	55,096	1,519
Total current liabilities	147,446	26,117
<b>Net position</b>		
Unrestricted	3,435,003	3,563,007
Restricted - expendable	410,857	461,273
Total net position	3,845,860	4,024,280
<b>Total liabilities and net position</b>	<b>\$ 3,993,306</b>	<b>\$ 4,050,397</b>

The accompanying notes to the financial statements  
are an integral part of these statements.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating revenue</b>		
Contributions	\$ 263,576	\$ 92,014
Registration fees	276,184	58,662
Canteen	8,833	395
Other operating revenue	6,234	4,751
Total operating revenue	554,827	155,822
<b>Operating expenses</b>		
Program expenses:		
Food and beverage	62,515	10,203
Salary and related expenses	314,226	190,550
Insurance	4,569	474
General program expenses	163,777	64,662
Canteen	17,207	3,110
General and administrative	28,781	23,685
Repairs and maintenance	38,160	55,574
Office supplies	3,947	2,656
Awards	90,464	31,408
Scholarships	32,500	18,467
Travel	77,878	8,394
Donations	52,272	17,257
Management and general:		
Salary and related expenses	182,707	103,200
Insurance	741	160
Meetings and seminar expenses	6,993	1,395
General and administrative	28,907	27,821
Office supplies	2,776	725
Repairs and maintenance	460	38
Travel	-	565
Total operating expenses	1,108,880	560,344
<b>Operating loss</b>	<b>(554,053)</b>	<b>(404,522)</b>

The accompanying notes to the financial statements  
are an integral part of these statements.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

(Continued)

	<b>2022</b>	<b>2021</b>
<b>Nonoperating revenue</b>		
Investment income (loss)	\$ 154,050	\$ 1,157,527
Transfers from University of Florida Foundation	221,583	212,407
Total nonoperating revenue	375,633	1,369,934
<b>Change in net position</b>	(178,420)	965,412
<b>Net position</b> , beginning of year	4,024,280	3,058,868
<b>Net position</b> , end of year	\$ 3,845,860	\$ 4,024,280

The accompanying notes to the financial statements  
are an integral part of these statements.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Contributions received	\$ 263,576	\$ 92,014
Cash received from registration fees	305,924	62,079
Cash received from canteen	8,833	395
Payments to vendors	(605,074)	(330,193)
Payments for salaries and benefits	(426,542)	(284,023)
Cash received from other revenue	6,234	4,751
Net cash used in operating activities	(447,049)	(454,977)
<b>Cash flows from investing activities</b>		
Transfers from University of Florida Foundation	223,554	212,407
Transfers to University of Florida Foundation	(1,971)	-
Cash received from dividends and interest	170,719	218,208
Purchases of securities	(659,097)	(335,290)
Proceeds from sale of securities	810,787	304,390
Net cash provided by investing activities	543,992	399,715
<b>Net increase (decrease) in cash and cash equivalents</b>	96,943	(55,262)
<b>Cash and cash equivalents, beginning of year</b>	139,380	194,642
<b>Cash and cash equivalents, end of year</b>	<b>\$ 236,323</b>	<b>\$ 139,380</b>
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (554,053)	\$ (404,522)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(23,837)	6,667
Prepaid items	-	30,526
Inventory	9,512	8,188
Accounts payable and accrued expenses	67,752	(19,046)
Due to University of Florida	-	(73,540)
Deposits	53,577	(3,250)
Net cash used in operating activities	\$ (447,049)	\$ (454,977)

The accompanying notes to the financial statements  
are an integral part of these statements.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022 AND 2021**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of the Florida 4-H Club Foundation, Inc. (the Foundation), which affect the accompanying basic financial statements:

(a) **Reporting entity**—The Foundation is a direct-support organization as provided for in Section 1004.28, Florida Statutes, and is considered a component unit of the University of Florida (The University). The Foundation was incorporated in 1963 as a not-for-profit organization in the State of Florida. Its primary goal is to promote the educational objectives of the State 4-H program, which is a component of the Florida Cooperative Extension Service at the University of Florida.

(b) **Basis of accounting**—The Foundation's financial statements are prepared on the accrual basis of accounting in which transactions are recognized when they occur, regardless of related cash flows. These financial statements are entirely those of the Foundation alone and, accordingly, are not intended to present the financial position or the results of operations of the University of Florida. The Foundation was determined to be "governmental" under guidance provided by the Governmental Accounting Standards Board (GASB) Statement No. 29. The accounting policies of the Foundation conform to generally accepted accounting policies for governmental entities and follows standards established by GASB. All activities of the Foundation are accounted for in a single major enterprise fund, which uses the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

(c) **Fund accounting**—The accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into funds established for various purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group as follows: unrestricted, restricted expendable, and restricted nonexpendable.

Net position restricted by outside sources is so indicated and is distinguished from unrestricted funds. Externally restricted net position may only be utilized in accordance with the purposes established by the source of such funds. In contrast, the Governing Board retains full control to use unrestricted funds (including those designated for specific purposes by that Governing Board) to achieve the purposes of the Foundation.

When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) **Classification of revenues**—The Foundation classifies its revenues as operating or nonoperating according to the following criteria:

- (i) Operating revenues—include contributions and activities that have characteristics of exchange transactions, such as registration fees for youth development camps, animal service events and 4-H youth leadership events, canteen revenue and sponsorships.
- (ii) Nonoperating revenues—include activities that have characteristics of nonexchange transactions, such as investment income and contributions to permanent endowments.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022 AND 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

- (e) **Net position**—The Foundation’s net position is classified as follows:
- (i) **Unrestricted**—Unrestricted net position represents resources derived from unrestricted contributions, registration fees and canteen revenue. These resources are used for transactions relating to the general operation of the Foundation, they are not restricted by outside sources and may be used at the discretion of the Governing Board to meet current expenses for any purpose.
  - (ii) **Restricted Expendable**—Restricted expendable net position includes resources in which the Foundation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. These amounts include the unexpended amounts of the restricted contributions, subsequent income earned on restricted contributions and unexpended income earned on endowment accounts.
  - (iii) **Restricted Nonexpendable**—Restricted nonexpendable net position consists of endowments in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future expendable income.
- (f) **Donated services**—The Foundation occupies office space at the University of Florida and is assisted by employees of the University of Florida. No value for such services is recorded in the accompanying financial statements.
- (g) **Funds held with the University of Florida**—Funds held with the University of Florida represent balances held with the University. These funds are available for immediate withdrawal.
- (h) **Accounts receivable**—Accounts receivable are recorded stated at the amount management expects to collect from balances at year-end. Based on management’s assessment of the credit history with organizations and individuals having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. The Foundation has no policy requiring collateral or other security to support its accounts receivable.
- (i) **Investments and fair value measurements**—In general, investments are reported at fair value. The Foundation categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.
- (j) **Inventories**—Inventories consist of food and supplies used for the camps operated by the Foundation and merchandise sold in its gift shops. Inventories are carried at cost using the first-in, first-out (FIFO) method.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022 AND 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Capital assets**—All capital assets are owned by the University of Florida and recorded by the University of Florida Plant Fund. The Foundation does not include capital assets on their statement of net position and the costs of additions incurred by the Foundation are expensed as incurred.

(l) **Income taxes**—The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state income taxes under the *Florida Not-for-Profit Corporation Act*. In addition, the Internal Revenue Service has determined that the Foundation is not a private foundation under Section 509(a)(1). Federal and state income taxes are paid only on unrelated trade or business net income, if any. No federal or state income taxes were paid during the years ended March 31, 2022 and 2021. The Foundation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

If applicable, the Foundation would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

(m) **Revenue recognition**—Revenues from general sources are recognized as services are provided or as contract and grant funds are earned. Restricted revenues are recognized only to the extent that they are expended in accordance with donor or grantor restrictions. Any restricted revenues which have been received, but not expended, are shown as unearned revenue in the liability section of the accompanying statement of net position.

(n) **Accounting estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 reported period. Actual results could differ from those estimates.

(2) **Cash and Cash Equivalents:**

Cash represents cash in checking and money market accounts with original maturities of less than three months, which are held in banks that qualify as public depositories pursuant to Chapter 280, Florida Statutes. The carrying amount of all cash deposits at March 31, 2022 and 2021 was \$236,323 and \$139,380, respectively, and the related bank balance was \$317,783 and \$183,407, respectively.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022 AND 2021**

(2) **Cash and Cash Equivalents:** (Continued)

Under Chapter 280, Florida Statutes, every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral for the depository. The State Treasurer, by rule, shall establish minimum required collateral pledging levels and shall notify each qualified public depository of its required pledging level. Each qualified public depository shall calculate the amount of its required collateral based upon certain formulas. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

(3) **Investments:**

The Foundation's investment policy describes the types of investments that it is authorized to purchase. The goal of the Foundation's investment program is set forth in the investment policy as approved by the Foundation's Board of Directors and Finance Committee. The objective is to provide a steady growing income stream to support the Foundation's mission while providing sufficient reinvestment to protect the endowment from inflation. The Foundation is authorized to invest in Money Market Funds, U.S. Intermediate Term Taxable Bonds, Non-U.S. Bonds, Total U.S. Equities Market, U.S. Large Cap Value, U.S. Small Cap Value, Non-U.S. Large Stocks - Developed Countries, Non-U.S. Small Stocks - Developed Countries, Foreign Equities - Emerging Market, Real Estate Securities, and Real Estate Investment Trusts.

<u>Investment Type</u>	<u>Fair Value March 31, 2022</u>	<u>Fair Value March 31, 2021</u>
Domestic Bonds	\$ 153,033	\$ 121,406
Domestic Equities	484,598	541,219
International Equities	91,796	101,347
Mutual and Exchange Traded Funds	2,973,074	3,106,889
Total	<u>\$ 3,702,501</u>	<u>\$ 3,870,861</u>

***Interest rate risk***—Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Foundation's investment policy does not have a formal limit on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Foundation's exposure to interest rate risk is as follows:

<u>Investment Type</u>	<u>Investment Maturity (Years)</u>	<u>Fair Value March 31, 2022</u>	<u>Fair Value March 31, 2021</u>
US Government & Federal Obligations	More than 10	\$ 1,052	\$ 1,240
Bonds and Notes	More than 10	151,981	120,166

***Concentration of credit risk***—At March 31, 2022, more than five percent of the Foundation's investments were held in Ishares Core S&P 500. At March 31, 2021, more than five percent of the Foundation's investments were held in the following funds: American Growth Fund of American, Ishares Core S&P 500 ETF, First Trust Capital Strength EFT, and Vanguard Index Funds S&P 500 EFT. Such concentrations are permitted by the Foundation's investment policy.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
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**MARCH 31, 2022 AND 2021**

(3) **Investments:** (Continued)

**Credit quality risk**—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below summarizes the ratings of the Foundation’s debt instruments using the S&P, a nationally recognized statistical rating organization. The Foundation’s investment policy does not have a formal limit on investment choices by credit rating. The Foundation’s exposure to credit quality risk is as follows:

<u>Investment Type</u>	<u>Quality Rating S&amp;P</u>	<u>Fair Value March 31, 2022</u>	<u>Fair Value March 31, 2021</u>
Bonds and Notes	AAA	\$ 12,102	\$ -
Bonds and Notes	BBB+	12,459	11,109
Bonds and Notes	BBB	20,556	36,441
Bonds and Notes	BBB-	86,845	50,997
Bonds and Notes	Unrated	20,019	21,619
US Government & Federal Obligations	Unrated	1,052	1,240

**Foreign currency risk**—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Foundation’s investment policy does not have a formal limit on foreign currency denominated investments. The Foundation’s exposure to foreign currency risk is as follows:

<u>Investment Type</u>	<u>Currency Type</u>	<u>Fair Value March 31, 2022</u>	<u>Fair Value March 31, 2021</u>
Common Stock	Various	\$ 91,797	\$ 101,347
Mutual and Exchange Traded Funds	Various	256,106	363,172

**Net investment return**— Net investment return on the statement of activities is comprised of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest	\$ 169,310	\$ 119,623
Realized gains/(losses), net	30,939	15,964
Unrealized gains/(losses), net	(16,669)	1,045,727
Investment expense	(29,530)	(23,787)
Investment return, net	<u>\$ 154,050</u>	<u>\$ 1,157,527</u>

**Investments – University of Florida Foundation**—The total amount of endowment assets held by the University of Florida Foundation for the benefit of the Foundation that has not been included in the accompanying financial statements as of March 31, 2022 and 2021, was \$8,534,111 and \$6,285,112, respectively.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
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**(4) Fair Value Measurements:**

The Foundation categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Foundation has the following recurring fair value measurements as of March 31, 2022 and 2021:

- (a) *Mutual and Exchange Traded Funds* – Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission and deemed to be actively traded.
- (b) *Funds held with the University of Florida* – Funds held with the University are valued at the Foundation’s ownership of a share of an investment pool, not the underlying securities. The Foundation relies on policies developed and administered by the University for managing interest rate risk or credit risk for these investment pools.

The following table summarizes the assets and liabilities of the Foundation for which fair values are determined on a recurring basis as of March 31, 2022:

<b>Description</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Fair Value</b>
Equity mutual funds				
Domestic equity funds	\$ 484,598	\$ -	\$ -	\$ 484,598
International equity funds	91,796	-	-	91,796
Total equity mutual funds	576,394	-	-	576,394
Domestic bond funds	153,033	-	-	153,033
Mutual and exchange traded funds	2,973,074	-	-	2,973,074
Funds held with the University of Florida	-	-	129	129
Total investments and funds held with the University of Florida at fair value	<u>\$ 3,702,501</u>	<u>\$ -</u>	<u>\$ 129</u>	<u>\$ 3,702,630</u>

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
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(4) **Fair Value Measurements:** (Continued)

The following table summarizes the assets and liabilities of the Foundation for which fair values are determined on a recurring basis as of March 31, 2021:

<u>Description</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Fair Value</u>
Equity mutual funds				
Domestic equity funds	\$ 541,219	\$ -	\$ -	\$ 541,219
International equity funds	101,347	-	-	101,347
Total equity mutual funds	642,566	-	-	642,566
Domestic bond funds	121,406	-	-	121,406
Mutual and exchange traded funds	3,106,889	-	-	3,106,889
Funds held with the University of Florida	-	-	128	128
Total investments and funds held with the University of Florida at fair value	<u>\$ 3,870,861</u>	<u>\$ -</u>	<u>\$ 128</u>	<u>\$ 3,870,989</u>

(5) **Risk Management:**

The Foundation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Foundation carries commercial insurance through various commercial insurance carriers. Insurance against losses are provided for the following types of risk: General Liability; Real and Personal Property Damage; and Employee Dishonesty Coverage.

(6) **Related Party Transactions:**

During the year ended March 31, 2022, the Foundation received \$223,554 in endowment income from and transferred \$1,971 for investing to the University of Florida Foundation. Additionally, the Foundation has an agreement with the University whereby the Foundation pays for certain salary and benefits for personnel that support University Youth Programs. During the year ended March 31, 2022, the Foundation paid \$496,933 to the University for salary and benefits reported in the statement of revenues, expenses and changes in net position.

During the year ended March 31, 2021, the Foundation received \$212,407 in endowment income from and transferred \$0 for investing to the University of Florida Foundation. Additionally, the Foundation has an agreement with the University whereby the Foundation pays for certain salary and benefits for personnel that support University Youth Programs. During the year ended March 31, 2021, the Foundation paid \$293,750 to the University for salary and benefits reported in the statement of revenues, expenses and changes in net position. Due to the impacts of COVID-19 pandemic during the year ended March 31, 2021, the University funded approximately \$237,000 of salary expenses.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
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**(7) Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Foundation’s financial statements:

- (a) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.

**INDEPENDANT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Audit and Finance Committee,  
Florida 4-H Club Foundation, Inc.  
Gainesville, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Florida 4-H Club Foundation, Inc. (the Foundation) as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise of the Foundation's basic financial statements, and have issued our report thereon dated June 15, 2022.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

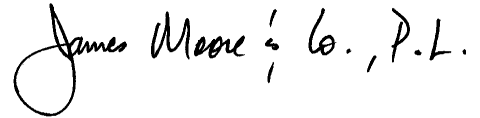
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, circular initial "J" at the beginning.

Gainesville, Florida  
June 15, 2022