

Nebraska FFA Foundation

**Audit of Financial
Statements**

**For the Year Ended
July 31, 2024**



BUCKLEY & SITZMAN

**Nebraska FFA Foundation
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July 31, 2024**

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Account. Maximize. Grow. **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors
Nebraska FFA Foundation
Lincoln, Nebraska

Opinion

We have audited the accompanying financial statements of the Nebraska FFA Foundation (a nonprofit organization), which comprise the statement of financial position as of July 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 the Nebraska FFA Foundation as of July 31, 2024, and the changes in net assets and its cash flows for the year 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. 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 Nebraska FFA 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

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 the Nebraska FFA Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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 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 the Nebraska FFA 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 Nebraska FFA 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.

Report on Summarized Comparative Information

We have previously audited the Nebraska FFA Foundation's 2023 financial statements, and our report dated October 20, 2023, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Buckley & Sitzman, LLP
Buckley & Sitzman, LLP

Lincoln, NE
October 21, 2024



Nebraska FFA Foundation
Statement of Financial Position
July 31, 2024

(With Summarized Financial Information For July 31, 2023)

	Assets	2024	2023
Current Assets			
Cash and Cash Equivalents			
Checking and Savings Accounts		\$ 107,149	\$ 70,957
Money Market Accounts		234,108	75,185
Unconditional Promises and Pledges		202,976	343,229
Other Receivables		-	280
Prepaid Expenses		2,821	2,800
Total Current Assets		\$ 547,054	\$ 492,451
Other Assets			
Investments			
Mutual Funds and Exchange Traded Funds		\$3,339,910	\$2,834,707
Unconditional Promises and Pledges		208,094	197,005
Total Other Assets		\$3,548,004	\$3,031,712
TOTAL ASSETS		\$4,095,058	\$3,524,163
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable		\$ 18,685	\$ 17,583
Accrued Expenses		16,117	6,749
Total Current Liabilities		\$ 34,802	\$ 24,332
Net Assets			
Without Donor Restrictions		\$3,684,425	\$3,219,448
With Donor Restrictions		375,831	280,383
Total Net Assets		\$4,060,256	\$3,499,831
TOTAL LIABILITIES AND NET ASSETS		\$4,095,058	\$3,524,163

See accompanying notes to financial statements

Nebraska FFA Foundation
Statement of Activities
For the Year Ended July 31, 2024

(With Summarized Financial Information For the Year Ended July 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024	2023
Support and Revenues				
Contributions	\$ 907,929	\$ 432,758	\$1,340,687	\$ 840,447
Grant Income	-	25,000	25,000	-
I Believe in the Future of Agriculture	417,035	-	417,035	597,554
Administration Fee	42,030	-	42,030	42,099
Investment Income, Net	100,568	-	100,568	122,462
Realized and Unrealized Gain on Investments	210,214	-	210,214	15,367
Net Assets Released from Restrictions	362,310	(362,310)	-	-
Total Support and Revenues	\$ 2,040,086	\$ 95,448	2,135,534	\$1,617,929
Expenses				
Program Services	\$ 1,249,396	\$ -	\$1,249,396	\$1,156,646
Support Services				
Management and General	177,477	-	177,477	180,345
Fundraising	148,237	-	148,237	134,555
Total Expenses	\$ 1,575,109	\$ -	1,575,109	\$1,471,546
Change in Net Assets	\$ 464,977	\$ 95,448	\$ 560,425	\$ 146,383
Net Assets, Beginning of Year	3,219,448	280,383	3,499,831	3,353,448
Net Assets, End of Year	\$ 3,684,425	\$ 375,831	\$4,060,256	\$3,499,831

See accompanying notes to financial statements

Nebraska FFA Foundation
Statement of Functional Expenses
For the Year Ended July 31, 2024
(With Summarized Financial Information For the Year Ended July 31, 2023)

	Support Services			Total		
	Program Services	Management and General	Fundraising Expenses	Total Support Services	2024	2023
Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,300
Benefits	3,145	1,233	2,073	3,306	6,451	6,035
Computer Supplies	-	-	-	-	-	2,623
Copying and Printing	11,827	2,950	4,620	7,570	19,398	25,771
Dues and Subscriptions	-	1,734	75	1,809	1,809	1,325
Education	15	299	-	299	314	800
Insurance	-	2,665	-	2,665	2,665	1,722
Legal and Accounting	-	67,458	-	67,458	67,458	65,971
Marketing and Advertising Expenses	59,917	731	28,064	28,795	88,712	163,689
Meals and Entertainment	19,665	621	1,767	2,389	22,054	13,616
Miscellaneous Expense	-	2,314	-	2,314	2,314	2,260
Office Supplies	322	348	-	348	669	288
Payroll Taxes	11,667	4,941	7,353	12,294	23,961	19,206
Postage and Delivery	3,556	989	1,256	2,245	5,802	5,757
Professional Services	3,500	32	-	32	3,532	9,100
Salaries and Wages	152,508	73,598	96,112	169,711	322,219	248,674
Small Equipment	-	-	-	-	-	3,710
Software and Maintenance	-	8,733	-	8,733	8,733	7,883
Sponsorship Recognition Expense	1,662	-	694	694	2,356	3,870
Sponsorships	972,756	182	-	182	972,937	866,121
Supplies	621	-	-	-	621	476
Travel Expenses	7,920	5,479	6,222	11,701	19,621	16,037
Utilities and Facilities	315	3,168	-	3,168	3,483	4,312
Total Expenses	\$1,249,396	\$ 177,477	\$ 148,237	\$ 325,714	\$ 1,575,109	\$ 1,471,546

See accompanying notes to financial statements

Nebraska FFA Foundation
Statement of Cash Flows
For the Year Ended July 31, 2024
(With Summarized Financial Information For the Year Ended July 31, 2023)

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ 560,425	\$ 146,383
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized and Unrealized Gains on Investments	(210,214)	(15,367)
Adjustments for Working Capital Changes:		
Other Receivables	280	-
Prepaid Expenses	(21)	-
Unconditional Promises and Pledges	129,164	-
Accounts Payable	1,102	-
Accrued Expenses	9,368	-
Net Cash Provided by Operating Activities	<u>\$ 490,104</u>	<u>\$ 131,016</u>
 Cash Flows from Investing Activities		
Proceeds from sale of investments	\$ 818,981	\$ 69,750
Purchase of investments and reinvested investment income	<u>(1,113,969)</u>	<u>(256,581)</u>
Net Cash Used In Investing Activities	<u>\$ (294,988)</u>	<u>\$ (186,831)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 \$ 195,115	 \$ (59,649)
Cash and Cash Equivalents, Beginning of Year	<u>146,142</u>	<u>205,791</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 341,257</u></u>	<u><u>\$ 146,142</u></u>

See accompanying notes to financial statements

Nebraska FFA Foundation
Notes to Financial Statements
For the Year Ended July 31, 2024

1. Summary of Significant Accounting Policies

General Description - The Nebraska FFA Foundation (Foundation) is a not-for-profit corporation whose mission is to provide support for the agricultural education efforts throughout the state of Nebraska. The Foundation seeks to provide funding to programs and activities that will have the greatest opportunity to have a positive impact on the youth involved in agriculture within the state. The Foundation receives funding primarily from contributions and grants for the promotion of its mission.

Accounting Method - The financial statements have been prepared on the accrual basis.

Investments, net - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the statement of activities, net of investment fees.

Financial Statement Presentation - The financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, which requires the Foundation to classify its net assets into two categories based on the existence or absence of donor-imposed restrictions; net assets with donor imposed restrictions and net assets without donor imposed restrictions.

Net assets with donor restrictions

Those whose use by the Foundation has been limited by donors to a specific time period or purpose, and those that the Foundation is required to hold in perpetuity.

Net assets without donor restrictions: Those not subject to donor-imposed restrictions. The Foundation reports all expenditures in this class of net assets, since the use of restricted net assets in accordance with donors' stipulations result in the release of the restriction.

Income Taxes - The Foundation qualifies as a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and has no unrelated business income. Accordingly, no provision for federal or state income taxes has been provided. The Foundation is no longer subject to income tax examination by tax authorities for years before 2020.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis within the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses are charged directly to program or support services based on specific identification. Indirect expenses have been allocated based on estimates of management.

Nebraska FFA Foundation
Notes to Financial Statements
For the Year Ended July 31, 2024

1. Summary of Significant Accounting Policies (Continued)

Advertising - The Foundation expenses advertising costs when incurred.

Concentrations and Risks - The Foundation invests funds in professionally managed mutual funds and ETFs that contain various types of marketable securities. Such investments are exposed to various risks, such as fluctuation in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Prior Year Summarized Financial Information - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the twelve months ended July 31, 2023, from which the summarized information was derived.

Revenue Recognition - The Foundation follows ASU 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). Accordingly, the Foundation's policy for revenue recognition is defined below.

The Foundation's revenues consist primarily of contributions, which are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that do not meet the definition of an exchange transaction in accordance with ASU 2014-09 are accounted for under the guidance in Accounting Standards Codification 958 "Not-for-Profit Entities." Contributions that are restricted by the donor are reported as net increases in net assets with donor restrictions unless the restrictions expire in the same fiscal year in which the contributions are recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Amounts due from donors are classified as pledges receivable on the statements of financial position.

2. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include resources invested in money market funds. Cash consists of the following at July 31, 2024:

Unrestricted Funds:	
Cash in Bank	\$ 107,149
Money Markets	234,108
Total	<u>\$ 341,257</u>

Although the Foundation has periodically maintained bank balances in excess of the \$250,000 regulatory amount insured by the FDIC, there were no losses incurred by the Foundation on any of these accounts during the year ended July 31, 2024.

3. Retirement Plan

Employees may elect to participate in the Foundation's Simple IRA plan. Employees that are eligible may direct the Foundation to contribute a percentage of their compensation on a pretax basis to their Simple IRA. The Foundation will make a matching contribution equal to 100% of elective deferrals up to 3% of each employee's compensation for the calendar year. The Foundation's expense related to this plan was approximately \$6,451 for the year ended July 31, 2024.

Nebraska FFA Foundation
Notes to Financial Statements
For the Year Ended July 31, 2024

4. Transactions with Affiliates

By its nature, the Foundation engages in transactions with the Nebraska FFA Association and Nebraska FFA Alumni Association.

5. Net Assets with Donor Restriction

Support and revenue received with a donor designation is classified as restricted until such time as the Foundation has expended the funds or accomplished the purpose for which the funds were designated. As of July 31, 2024, donor restricted net assets of \$375,831 were available for future scholarships, local chapter support and various other program expenses.

6. Investments

Investments in securities consisted of fixed income and equity funds with a total estimated fair market value of \$3,339,910 and cost of \$3,101,857 at July 31, 2024. The Foundation paid investment advisory fees of \$23,412 during the year ended July 31, 2024.

7. Fair Value of Investments

The Foundation previously adopted FASB ASC 820-10. ASC 820-10 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

For the year ended July 31, 2024, the application of valuation techniques to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Mutual funds are valued at the net asset value (NAV) of shares held by the Foundation at year end. Common stocks and exchange traded funds (ETFs) are valued at the closing price reported on the active market.

Nebraska FFA Foundation
Notes to Financial Statements
For the Year Ended July 31, 2024

7. Fair Value of Investments (Continued)

	Level 1	Level 2	Total Fair Value
Cap Mutual Funds and ETFs	\$ 1,077,873	-	\$ 1,077,873
International Mutual Funds and ETFs	703,851	-	703,851
Fixed Income Mutual Funds and ETFs	1,236,477	-	1,236,477
Real Estate Mutual Funds and ETFs	32,984	-	32,984
Other Mutual Funds and ETFs	288,725	-	288,725
	<u>\$ 3,339,910</u>	<u>-</u>	<u>\$ 3,339,910</u>

Financial instruments included in the Foundation’s statement of financial position as of July 31, 2024, which are not required to be measured at fair value on a recurring basis, include cash equivalents, accounts and pledge receivables and accounts payable. The carrying amounts approximate fair value due to the short maturity of these instruments.

8. Subsequent Events

In accordance with FASB ASC 855-10, Foundation management has evaluated subsequent events through the report date, which is the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

9. Unconditional Promises to Give and Receivables

The Foundation had unconditional written promises to give (contribution receivables) of \$411,070 at July 31, 2024. Unconditional promises to give that are expected to be collected within one year are reflected as current assets. Unconditional promises expected to be collected in future years are reflected as other assets.

A provision for uncollectible amounts has not been recorded as estimated uncollectible promises to give and receivables are not expected to be material.

10. Compensated Absences

Employees of the Foundation are entitled to paid vacation and sick days, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Foundation’s policy is to recognize the costs of compensated absences when actually paid to employees.

11. Endowment Funds

The Financial Accounting Standards Board has issued guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Nebraska FFA Foundation
Notes to Financial Statements
For the Year Ended July 31, 2024

11. Endowment Funds (Continued)

The State of Nebraska adopted UPMIFA, and the Foundation subsequently adopted the Financial Accounting Standards Board's guidance and required disclosures. The Board of Directors has determined the majority of the Foundation's net assets do not meet the definition of "endowment" under UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The purposes of the Foundation and the donor-restricted endowment funds
2. The duration and preservation of the funds
3. General economic conditions; the possible impacts of inflation or deflation
4. The expected total return from income and the appreciation of investments
5. The Foundation's investment policies

All endowment net assets relate to donor-restricted endowment funds for which the Foundation has the ability to distribute principal, but is managing the funds in accordance with the donor's desire that the funds be perpetual in nature. As such, the endowed funds totaling \$600,516 for the year ended July 31, 2024, are entirely included in the without donor restriction balance due to the available variance power granted to the Foundation in the donor agreements. Changes in endowment net assets for the year ended July 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 500,928	\$ -	\$ 500,928
Investment return:			
Investment income	14,000	-	14,000
Net appreciation (realized and unrealized)	43,915	-	43,915
Total investment return	57,915	-	57,915
Contributions	54,333	-	54,333
Amounts appropriated for expenditure	(12,660)	-	(12,660)
Endowment net assets, end of year	\$ 600,516	\$ -	\$ 600,516

To satisfy its long-term rate of return objective, the Foundation relies on a total return strategy which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation maintains a balanced portfolio of equities and fixed income investments in order to achieve its long-term objectives consistent with the preservation of capital.

Nebraska FFA Foundation
Notes to Financial Statements
For the Year Ended July 31, 2024

12. Uncertain Tax Position

Management has analyzed the tax positions taken by the Foundation, and has concluded that as of July 31, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

13. Liquidity and Availability

The foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2024
Total assets at year end	\$ 4,095,058
Less:	
Pledges receivable due in more than one year	(208,094)
Endowed Funds	(600,516)
Financial assets available at year end for general expenditure	<u>\$ 3,286,448</u>

Although the Board does not intend to spend from their designated investments and Endowed Funds for operating purposes, with Board approval, the investments could be made available if necessary.