National 4-H Council and Controlled Affiliates

Consolidated Financial Statements,
Schedule of Expenditures of Federal Awards,
and Independent Auditor's Reports Required by *Government Auditing Standards* and the Uniform Guidance

Year Ended February 29, 2020 (with comparative totals for the Year Ended February 28, 2019)

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

National 4-H Council and Controlled Affiliates

Consolidated Financial Statements, Schedule of Expenditures of Federal Awards, and Independent Auditor's Reports Required by *Government Auditing Standards* and the Uniform Guidance

Year Ended February 29, 2020 (with comparative totals for the Year Ended February 28, 2019)

National 4-H Council and Controlled Affiliates

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Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report

To the Board of Trustees
National 4-H Council and Controlled Affiliates
Chevy Chase, Maryland

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **National 4-H Council and Controlled Affiliates** (collectively referred to as Council), which comprise the consolidated statement of financial position as of February 29, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **National 4-H Council and Controlled Affiliates** as of February 29, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – COVID-19

As more fully discussed in Note 2 and 17 to the consolidated financial statements, Council has been materially impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021, on our consideration of Council'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 solely 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 effectiveness of Council's 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 Council's internal control over financial reporting and compliance.

Report on Summarized Information

We have previously audited Council's 2019 consolidated financial statements, and as described in Note 1, expressed an unmodified opinion on those audited consolidated financial statements in our report dated June 28, 2019. In our opinion, the summarized information presented herein, and as described in Note 1 as of and for the year ended February 28, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, LLP

January 12, 2021

Consolidated Financial Statements

National 4-H Council and Controlled Affiliates

Consolidated Statements of Financial Position

As of February 29, 2020 (with summarized totals for February 28, 2019)

	Net assets without donor restrictions	Net assets with donor restrictions	2020 Total	2019 Total
Current assets				
Cash and cash equivalents	$ 3,815,557	$ 17,550,000	$ 21,365,557	$ 16,262,239
Short-term investments	3,275,645	5,825,162	9,100,807	7,830,731
Accounts receivable, net	823,546	-	823,546	1,167,029
Contributions receivable	325,399	10,076,394	10,401,793	3,727,449
Merchandise inventories, net	1,785,169	-	1,785,169	2,019,951
Other assets	195,210	-	195,210	200,717
Total current assets	10,220,526	33,451,556	43,672,082	31,208,116
Noncurrent assets				
Contribution receivable	-	3,225,000	3,225,000	6,633,500
Long-term investments	3,255,993	235,397	3,491,390	4,285,300
	3,255,993	3,460,397	6,716,390	10,918,800
Property and equipment				
Land and buildings	31,008,729	-	31,008,729	30,630,880
Furniture and equipment	11,050,344	-	11,050,344	10,767,854
	42,059,073	-	42,059,073	41,398,734
Less: accumulated depreciation and amortization	(36,048,896)	-	(36,048,896)	(34,984,206)
	6,010,177	-	6,010,177	6,414,528
Total noncurrent assets	9,266,170	3,460,397	12,726,567	17,333,328
Total assets	$ 19,486,696	$ 36,911,953	$ 56,398,649	$ 48,541,444

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statements of Financial Position

As of February 29, 2020 (with summarized totals for February 28, 2019)

	Net assets without donor restrictions	Net assets with donor restrictions	2020 Total	2019 Total
Current liabilities				
Accounts payable and accrued expenses	$ 4,003,765	$ -	$ 4,003,765	$ 4,069,050
Line of credit	2,000,000	-	2,000,000	2,000,000
Accrued postretirement benefit liability	80,024	-	80,024	82,329
Deferred revenue	1,771,048	-	1,771,048	2,951,218
Agency funds and other	619,837	-	619,837	489,947
Total current liabilities	8,474,674	-	8,474,674	9,592,544
Noncurrent liabilities, net of current portion				
Accrued postretirement benefit liability	4,255,005	-	4,255,005	3,386,200
Deferred revenue	77,855	-	77,855	97,419
Unfunded pension liability	6,355,570	-	6,355,570	3,500,917
Total noncurrent liabilities	10,688,430	-	10,688,430	6,984,536
Total liabilities	19,163,104	-	19,163,104	16,577,080
Net assets				
Without donor restriction	323,592	-	323,592	3,276,480
With donor restriction	-	36,911,953	36,911,953	28,687,884
Total net assets	323,592	36,911,953	37,235,545	31,964,364
Total liabilities and net assets	$ 19,486,696	$ 36,911,953	$ 56,398,649	$ 48,541,444

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Activities

For the year ended February 29, 2020 (with summarized totals for February 28, 2019)

	Net assets without donor restrictions	Net assets with donor restrictions	2020 Total	2019 Total
<u>Operating</u>				
Revenue				
Contributions received from the public	$ 4,156,291	$ 30,238,494	$ 34,394,785	$ 24,565,884
Federal grant revenue	1,991,372	-	1,991,372	3,456,960
In-kind services	-	-	-	13,600
Registration fees and tuitions	433,365	-	433,365	507,030
National 4-H Center	10,680,734	-	10,680,734	11,269,992
National 4-H Supply Service	4,524,494	-	4,524,494	4,855,182
Investment return allocated to operations	393,288	-	393,288	399,144
Other	904,771	-	904,771	921,068
Net assets released from restrictions	22,142,879	(22,142,879)	-	-
Total revenue	45,227,194	8,095,615	53,322,809	45,988,860
Expenses				
Program services				
Education programs	24,148,584	-	24,148,584	23,926,908
Other programs				
National 4-H Center	8,154,058	-	8,154,058	8,532,642
National 4-H Supply Service	4,338,307	-	4,338,307	4,462,995
Total other programs	12,492,365	-	12,492,365	12,995,637
Total program services	$ 36,640,949	$ -	$ 36,640,949	$ 36,922,545

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Activities

For the year ended February 29, 2020 (with summarized totals for February 28, 2019)

	Net assets without donor restrictions	Net assets with donor restrictions	2020 Total	2019 Total
Supporting services				
Management and general	$ 5,001,030	$ -	$ 5,001,030	$ 4,243,570
Fundraising	2,537,730	-	2,537,730	2,533,756
Total supporting services	7,538,760	-	7,538,760	6,777,326
Total expenses	44,179,709	-	44,179,709	43,699,871
Change in net assets from operating activities	1,047,485	8,095,615	9,143,100	2,288,989
Nonoperating increase (decrease)				
Contributions	24,586	38,663	63,249	51,640
Investment return, net	57,802	89,791	147,593	(210,074)
Named fund spending	(8,321)	-	(8,321)	-
Net periodic postretirement benefit cost other than service cost	(71,427)	-	(71,427)	(112,778)
Net periodic pension benefit cost other than service cost	(444,295)	-	(444,295)	(413,641)
Postretirement related changes other than net periodic postretirement costs	(690,321)	-	(690,321)	65,602
Pension related changes other than net periodic pension cost	(2,868,397)	-	(2,868,397)	262,537
Change in net assets from nonoperating activities	(4,000,373)	128,454	(3,871,919)	(356,714)
Change in net assets	(2,952,888)	8,224,069	5,271,181	1,932,275
Net assets, beginning of year	3,276,480	28,687,884	31,964,364	30,032,089
Net assets, end of year	$ 323,592	$ 36,911,953	$ 37,235,545	$ 31,964,364

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Functional Expenses

For the year ended February 29, 2020 (with summarized totals for February 28, 2019)

	Program Services				Supporting Services				
	Education Programs	National 4-H Center	National 4-H Supply Service	Total Program Services	Management and General	Fundraising	Total Supporting Services	2020 Total	2019 Total
Salaries, payroll taxes and employee benefits	$ 6,753,515	$ 3,869,572	$ 1,267,304	$ 11,890,391	$ 3,448,643	$ 1,801,431	$ 5,250,074	$ 17,140,465	$ 15,972,874
Organizational training	10,679	11,177	258	22,114	7,872	5,820	13,692	35,806	40,129
Awards, scholarships and grants	10,129,814	-	-	10,129,814	-	12,500	12,500	10,142,314	11,078,253
Cost of goods sold	-	683,584	2,054,990	2,738,574	-	-	-	2,738,574	2,908,321
Staff and participant travel and meetings	1,154,079	4,248	35,922	1,194,249	233,541	171,801	405,342	1,599,591	1,596,155
Program/operating resources and office supplies	527,395	558,044	32,785	1,118,224	221,863	22,359	244,222	1,362,446	1,488,549
Printing and publications	49,553	9,836	21,109	80,498	33,292	1,335	34,627	115,125	115,125
Professional fees	5,017,968	942,268	191,842	6,152,078	655,991	456,638	1,112,629	7,264,707	6,280,901
Utilities and telephone	58,491	620,733	37,067	716,291	45,885	19,632	65,517	781,808	909,380
Postage and shipping	9,317	3,299	406,273	418,889	16,030	2,306	18,336	437,225	563,871
Insurance	1,102	96,177	-	97,279	90,168	-	90,168	187,447	181,657
Equipment maintenance & rental	-	72,383	2,481	74,864	44,622	-	44,622	119,486	135,249
Facilities rental	225,613	-	90,632	316,245	44,198	12,164	56,362	372,607	324,376
Public relations and promotion	183,413	216,015	96,263	495,691	-	31,270	31,270	526,961	612,906
In-kind services	-	-	-	-	-	-	-	-	13,600
Other	779	106,722	83,750	191,251	98,730	474	99,204	290,455	348,288
Depreciation and amortization	26,866	960,000	17,631	1,004,497	60,195	-	60,195	1,064,692	1,130,237
Total operating expenses	$ 24,148,584	$ 8,154,058	$ 4,338,307	$ 36,640,949	$ 5,001,030	$ 2,537,730	$ 7,538,760	$ 44,179,709	$ 43,699,871
Other components of net periodic cots:									
Postretirement benefit cost	28,175	16,113	5,277	49,565	14,361	7,501	21,862	71,427	112,778.00
Pension costs	175,258	100,227	32,825	308,310	89,325	46,660	135,985	444,295	413,641.00
Total expenses	$ 24,352,017	$ 8,270,398	$ 4,376,409	$ 36,998,824	$ 5,104,716	$ 2,591,891	$ 7,696,607	$ 44,695,431	$ 44,226,290

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statements of Cash Flows

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	**$ 5,271,181**	$ 1,932,275
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,064,692**	1,130,237
Net unrealized and realized losses on investments	**120,476**	1,136,268
Loss on disposal of property and equipment	**-**	6,742
(Increase) decrease in assets		
Accounts receivable	**343,483**	843,816
Contributions receivable	**(3,265,844)**	2,273,720
Merchandise inventories	**234,782**	11,345
Other assets	**5,507**	(67,272)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	**(65,285)**	130,015
Accrued postretirement benefit liability	**866,500**	181,611
Deferred revenue	**(1,199,734)**	(225,540)
Agency funds and other	**129,890**	(265,700)
Unfunded pension liability	**2,854,653**	(274,154)
Net cash provided by operating activities	**6,360,301**	6,813,363
Cash Flows from Investing Activities		
Purchases of property and equipment	**(660,341)**	(586,485)
Purchases of investments	**(12,704,878)**	(1,422,436)
Proceeds from sales of investments	**12,108,236**	74,697
Net cash used in investing activities	**(1,256,983)**	(1,934,224)
Cash Flows from Financing Activities		
Borrowing from line of credit	**2,000,000**	-
Payments on line of credit	**(2,000,000)**	(1,500,000)
Net cash used in financing activities	**-**	(1,500,000)
Increase in cash and cash equivalents	**5,103,318**	3,379,139
Cash and cash equivalents, beginning of year	**16,262,239**	12,883,100
Cash and cash equivalents, end of year	**$ 21,365,557**	$ 16,262,239

See accompanying notes to consolidated financial statements

1. Organization and Summary of Accounting Policies

Organization Purpose

National 4-H Council is an Ohio not-for-profit corporation that utilizes private and government resources in its efforts to advance the 4-H youth development movement to build a world in which youth and adults learn, grow and work together as catalysts for positive change. The 4-H program is the youth education program of the Cooperative Extension System of the State Land-Grant Universities and the U.S. Department of Agriculture. National 4-H Council includes two major divisions, the National 4-H Center and National 4-H Supply Service.

National 4-H Activities Foundation (Activities Foundation) is an Ohio not-for-profit corporation that is a 501(c)(3) controlled affiliate of National 4-H Council. Activities Foundation was established in July 2000 to service the accounting and legal needs of nationally-operated 4-H initiatives.

National 4-H Congress Foundation (Congress Foundation) is an Ohio not-for-profit corporation that is a 501(c)(3) controlled affiliate of National 4-H Council. Congress Foundation was established in May 2011 to operate and provide assistance with the operations of National 4-H Congress.

Global Clover Network, Inc. (formerly National 4-H Foundation for Innovation, Inc.) is an Ohio not-for-profit corporation that is a 501(c)(3) controlled affiliate of National 4-H Council. Global Clover Network, Inc. was established in 2014 to increase investment and participation in high quality 4-H positive youth development globally.

In 2014, the Global Clover Network Innovation Fund, Inc., which is an Ohio not-for-profit corporation was established. There was no activity for this fund in 2020 and 2019.

Principles of Consolidation

The consolidated financial statements include the accounts of National 4-H Council, National 4-H Activities Foundation, National 4-H Congress Foundation and Global Clover Network, Inc. (collectively referred to as Council). All significant transactions between the organizations, including all inter-organization balances, have been eliminated in consolidation.

Summarized Financial Information for 2019

The consolidated financial statements include certain prior-year summarized information in total but not by net asset class in the consolidated statement of activities and by expense detail in the consolidated statements of functional expenses. 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 Council's consolidated financial statements for the year ended February 28, 2019, from which the summarized information was derived.

Basis of Accounting

The consolidated financial statements of Council have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain 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. Significant estimates included in these financial statements include the retirement plan obligation and the postretirement plan obligation. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of operating cash accounts, petty cash and highly liquid, short-term instruments with original maturities of three months or less.

Investments

Investments consist of cash held as part of the investment portfolio, marketable securities and are carried at readily determinable fair values. The fair values of Council's investments in hedge funds are based on management's evaluation of estimates and assumptions from information and representations provided by the fund in the absence of readily ascertainable market values. Investment returns are included in the consolidated statement of activities. Long-term investments represent amounts designated by Council or donors for use in future years.

Financial Instruments and Credit Risk

Financial instruments which potentially subject Council to concentrations of credit risk consist principally of investments held at creditworthy financial institutions. By policy, these investments are kept within limits designed to prevent risks caused by concentration. Credit risk with respect to trade and other receivables is limited because Council deals with a large number of customers over a wide geographic area.

Accounts Receivable

Accounts receivable consists primarily of amounts due from the sale of educational aids and rental of conference facilities. The allowance method is used to determine the uncollectible amounts. The allowance is based upon prior years' experience and management's analysis of subsequent collections. Accounts receivable are written off if reasonable collection efforts prove unsuccessful.

Contributions Receivable

Contributions, which include unconditional promises to give, are recognized as revenue in the period received and recorded at their net realizable value. Management considers all promises to give to be fully collectible, therefore, no allowance for doubtful accounts has been established. Conditional promises to give are not included as support until the conditions are substantially met. At February 29, 2020 the Council has $1,310,945 of unrecognized conditional contributions associated with a federal grant and with sponsor agreements. The revenue related to the federal award is conditioned on the Council incurring allowable expenditures under the term of the agreement. The revenue related to the sponsor agreements is conditioned on the Council holding an event or presenting an award.

Merchandise Inventories

Inventory, consisting of Supply Service and Campus Shop merchandise and educational aids, is stated at the lower of cost or net realizable value. Inventory is valued using the standard cost method of inventory valuation.

Property and Equipment

Property and equipment are recorded at cost, or if donated, such assets are capitalized at the estimated fair market value at the date of receipt. Council capitalizes all expenditures for property and equipment over $1,000. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is recorded. Repairs and maintenance are charged to expense when incurred.

Council reports existing assets and gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

Council reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the consolidated statements of activities, to its current fair value.

Deferred Revenue

Deferred revenue consists primarily of prepayments for services to be rendered or payments received on conditional contributions. Fees received in advance for programs and conferences to be held in the following fiscal year are recorded as deferred revenue until the related event has occurred.

Agency Funds

Council holds certain funds on behalf of others for which it acts in an administrative capacity. These agency funds are included as liabilities and related assets in the form of short-term investments in the accompanying consolidated statements of financial position. Short-term investments include approximately $314,291 and $211,956 of agency funds which are being held on behalf of others, as of February 29, 2020 and 2019, respectively. The activities involved in spending these funds are not included as revenue or expense in Council's consolidated statements of activities, as they are not expended on behalf of Council.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operations. Board designated net assets consist of net assets without donor restrictions designated by the Board for a specific use.

Net Assets With Donor Restrictions

Net assets with donor restrictions result from contributions and other inflows of assets, the use of which by the organization is limited by donor-imposed time or purpose restrictions that are either temporary or permanent.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue Recognition

Revenue is recognized when earned. Contributions are reported when an unconditional promise to give or other asset is received (in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and services benefited. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Council. Those expenses include depreciation and amortization, and insurance. Council allocates expenses using a salary allocation based on the proportion of compensation expense directly attributed to the program as compared to the total organization.

In-Kind Services

A substantial number of individual volunteers have donated significant amounts of time to Council's program services and to its fundraising campaigns. No amounts have been recognized in the consolidated statement of activities since these jobs done by Council volunteers do not fall into the criteria established by FASB in this area. Services and assets donated by organizations are recorded at fair value at the date of donation. Council records donated services, including advertising, consulting, and printing services, and donated assets at the respective fair value of the services and assets received. The amount of donated services and assets recorded as revenue and expense was $0 and $13,600 for the year ended February 29, 2020 and February 28, 2019.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Recently Adopted Accounting Pronouncements

During fiscal year 2020, Council adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance provided in this ASU assisted in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and whether a contribution is conditional. As required by ASU 2018-08, Council applied the requirements on a modified prospective basis to agreements that either are not completed as of March 1, 2019 or entered into after March 1, 2019. The adoption of ASU 2018-08 did not have a significant impact on Council's accounting for contributions or federal awards.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. ASU 2017-07 requires the service cost component of net periodic benefit cost for pension and other postretirement benefits be presented as a component part of employee benefit expense. The other components of net periodic benefit cost, such as interest, expected return on plan assets, and amortization of other actuarially determined amounts, are required to be presented as a non-operating change in net assets without donor restrictions. These changes have been applied retrospectively in the 2019 statement of activities by reclassifying a) $413,641 of non-service related components of net periodic pension cost from change in net assets from operating activities to other nonoperating changes in net assets without donor restrictions and b) reclassifying $212,186 of service cost for the postretirement medical plan from nonoperating changes in net assets without donor restrictions to operating activities as a component of salaries, payroll taxes and employee benefits expense.

Accounting Pronouncements to be Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This update, along with ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing and ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, establishes a comprehensive revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for Council's fiscal year ending February 28, 2021. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of these ASUs on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This update, along with ASU 2018-10, Codification Improvements to Topic 842: Leases, ASU 2018-11, Leases (Topic 842): Targeted Improvements and ASU 2018-20, Leases (Topic 842): Narrow-Scope Improvements for Lessors, establishes a comprehensive leasing standard. These updates require the recognition of lease assets and lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The guidance also expands the required quantitative and qualitative lease disclosures as well as provides entities with an additional (and optional) transition method to adopt the new standard. The ASU is effective for Council's fiscal year 2023. Management is currently evaluating the impact of these ASUs on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. Management is currently evaluating the impact of this ASU on their consolidated financial statements.

2. Management's Plans

As a result of the outbreak of a novel coronavirus (COVID 19), which was declared a global pandemic by the World Health Organization in March of 2020 (See Note 17), Council's conference center activities were closed from March 2020 forward and remain closed as of the date of this report. To mitigate COVID-19 impact on operations, National 4-H Council's Board of Directors approved a new three-phase financial strategy, which includes stabilizing cash flow, recovery to breakeven, and the statement of financial position growth. As of report date, Council successfully accomplished the first phase of the strategy. Council secured a $10 million term loan and paid off its existing $3 million credit outstanding as well as closed its existing credit facility. In addition, Council opened a separate $5 million credit facility with another bank for working capital purposes. This liquidity, along with cost reductions, is expected to provide sufficient cash flow to address the adverse impact arisen from closure of the Conference Center operation in 2020, and it also provides sufficient time to assess the strategic options for the Center. Based on actual results through December of 2020, cost reductions implemented and the liquidity discussed above, Council expects to meet its obligations as they come due and bank covenants for a period of one year from the date these financial statements are issued.

3. Tax Status

National 4-H Council has been granted exemption by the Internal Revenue Service (IRS) from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The IRS has also determined that National 4-H Council is not a private foundation. National 4-H Council is required to report unrelated business income to the IRS and the State of Maryland. National 4-H Council earns unrelated business income on facility rental and advertising. National 4-H Council incurred an immaterial amount of income tax expense for the years ended February 29, 2020 and February 28, 2019.

Activities Foundation has been granted exemption by the IRS from Federal income taxes under Section 501(c)(3) of the IRC. The IRS has also determined that Activities Foundation is not a private foundation. Activities Foundation is required to report unrelated business income to the IRS and the State of Maryland. Activities Foundation had no sources of unrelated business income for the years ended February 29, 2020 and February 28, 2019.

Congress Foundation has been granted exemption by the IRS from Federal income taxes under Section 501(c)(3) of the IRC. The IRS has also determined that Congress Foundation is not a private foundation. Congress Foundation is required to report unrelated business income to the IRS and the State of Maryland. Congress Foundation had no sources of unrelated business income for the years ended February 29, 2020 and February 28, 2019.

Global Clover Network, Inc. has been granted exemption by the IRS from Federal income taxes under Section 501(c)(3) of the IRC. The IRS has also determined that Global Clover Network, Inc. is not a private foundation. Global Clover Network, Inc. is required to report unrelated business income to the IRS and the State of Maryland. Global Clover Network, Inc. had no sources of unrelated business income for the years ended February 29, 2020 and February 28, 2019.

Council follows the provisions of FASB ASC 740. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. Council does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

Council has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, Council has filed IRS Form 990 and Form 990-T tax returns, as required, and all other applicable returns in jurisdictions where it is required. Council believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years prior to 2017. For the years ended February 29, 2020 and February 28, 2019, no interest or penalties were recorded or included in the consolidated statements of activities related to uncertain tax positions.

4. Concentration of Credit Risk

Council maintains cash balances, which, at times, may exceed federally insured limits. While the amounts in the bank accounts at times may exceed the amount guaranteed by federal agencies and therefore bear some risk, Council has not experienced any loss of funds.

5. Liquidity and Availability of Resources

Council's financial assets available within one year of the consolidated statements of financial position date for general expenditure without donor or other restrictions limiting their use are as follows at:

	February 29, 2020	February 28, 2019
Cash and cash equivalents	**$ 21,365,557**	$ 16,262,239
Accounts receivable, net	**823,546**	1,167,029
Contributions receivable	**10,401,793**	3,727,449
Investments	**9,100,807**	7,830,731
Total financial assets available with one year	**41,691,703**	28,987,448
Less: Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with purpose or time restrictions	**(33,451,556)**	(21,904,387)
Amounts unavailable to management without Board's approval:		
Board designated net assets	**(5,527,077)**	(5,412,009)
Total financial assets available to management for general expenditure within one year	**$ 2,713,070**	$ 1,671,052

Council structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is held in short-term investments but could be redeemed for general expenditure at any time. Short-term investment holdings, reported as cash and cash equivalents, consisted of $21,365,557 as of February 29, 2020 and $16,262,239 as of February 28, 2019.

To help manage liquidity needs Council has a line of credit in the amount of $5,000,000, which it draws upon for current operations. At February 29, 2020, $3,000,000 is available on the line of credit.

6. Accounts Receivable

Accounts receivable consist of the following at:

	February 29, 2020	February 28, 2019
Federal awards	$ **494,969**	$ 1,004,530
National 4-H Center customers	**59,026**	52,379
National 4-H Supply Service customers	**132,535**	57,252
Other	**178,767**	76,650
	865,297	1,190,811
Less allowance for doubtful accounts	**(41,751)**	(23,782)
Accounts receivable, net	$ **823,546**	$ 1,167,029

7. Contributions Receivable

Contributions receivable are due in the following years at:

	February 29, 2020	February 28, 2019
Amounts due in:		
Less than one year	$ **10,401,793**	$ 3,727,449
One to five years	**3,225,000**	6,633,500
	13,626,793	10,360,949
Less: Long term contributions receivable	**(3,225,000)**	(6,633,500)
Short term contributions receivable	$ **10,401,793**	$ 3,727,449

8. Investments and Fair Value Measurements

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects Council's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Mutual Funds:

The fair values of the participation units owned by Council in mutual funds, invested in securities portfolios, are based on the underlying investments and are based on the net asset value of the shares held by Council at the end of the year. Investment income from the mutual funds in Council's financial statements reflects earnings of the respective underlying funds, including investment income and investment return of the fair value of the investments.

Alternative Investments:

Council's alternative investments are held in private investment funds which are valued based on net asset value per share within the investment hierarchy used in measuring fair value. Given the absence of market quotations, the fair value of the alternative investments is estimated based on management's estimates and assumptions using information provided to Council by the investment manager. The values are based on estimates that require varying degrees of judgment. Individual holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly-traded securities, and other investment vehicles. The investments may directly expose Council to the effects of securities lending, short sale of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments contain varying degrees of risk, Council's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by a nationally recognized firm of independent auditors. Council does not directly invest in the underlying securities of the investment fund and due to restrictions on transferability and timing of withdrawals from the funds, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Council's alternative investments are valued using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. These investment funds are held as units for interest in hedge funds, which are stated at net asset value (NAV) or its equivalent. Council uses the NAV as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV. Councils has not categorized these investment in levels within the fair value hierarchy table.

The following tables set forth by level within the fair value hierarchy Council's investment assets at fair value as of February 29, 2020 and February 28, 2019. As required by FASB ASC 820, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Investment Assets at Fair Value as of February 29, 2020

	Level 1	Level 2	Level 3	Investment Reported at NAV*	Total
Equity funds:					
Domestic large cap	$ 3,682,921	$ -	$ -	$ -	$ 3,682,921
Domestic mid cap	2,117,276	-	-	-	2,117,276
Domestic small cap	1,205,201	-	-	-	1,205,201
International large cap	826,547	-	-	-	826,547
International mid cap	197,639	-	-	-	197,639
Fixed income:					
Short-term investment	1,025,996	-	-	-	1,025,996
Intermediate-term investment	1,212,153	-	-	-	1,212,153
Long-term investment	1,688,675	-	-	-	1,688,675
International	208,766	-	-	-	208,766
Cash	427,023	-	-	-	427,023
Total investments at fair value	$ 12,592,197	$ -	$ -	$ -	$ 12,592,197
Less short-term investments	$ (9,100,807)	$ -	$ -	$ -	$ (9,100,807)
Long term investments	$ 3,491,390	$ -	$ -	$ -	$ 3,491,390

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

	Investment Assets at Fair Value as of February 28, 2019				
	Level 1	Level 2	Level 3	Investment Reported at NAV*	Total
Equity funds:					
Domestic large cap	$ 6,654,057	$ -	$ -	$ -	$ 6,654,057
Domestic small cap	1,467,203	-	-	-	1,467,203
International large cap	645,440	-	-	-	645,440
Fixed income:					
Short-term investment	195,319	-	-	-	195,319
Intermediate-term investment	2,573,238	-	-	-	2,573,238
Real estate funds	171,516	-	-	-	171,516
Hedge funds					
Long short	-	-	-	160,371	160,371
Multi-strategy	-	-	-	162,365	162,365
Distressed investments	-	-	-	79,550	79,550
Cash	6,972	-	-	-	6,972
Total investments at fair value	$ 11,713,745	$ -	$ -	$ 402,286	$ 12,116,031
Less short-term investments	$ (7,830,731)	$ -	$ -	$ -	$ (7,830,731)
Long term investments	$ 3,883,014	$ -	$ -	$ 402,286	$ 4,285,300

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

Net Asset Value (NAV) Per Share

The following table for February 29, 2020 and February 28, 2019, sets forth a summary of Council's investments with a reported NAV.

Investments	2020 Fair Value	2019 Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Aetos hedge funds:					
Aetos Long/Short Strategies Cayman Fund (a)	$ -	$ 160,371	$ -	Quarterly	90 days
Aetos Multi-Strategy Arbitrage Cayman Fund (b)	-	162,365	-	Quarterly	90 days
Aetos Distressed Investments Strategy Cayman Fund (c)	-	79,550	-	Quarterly	90 days
	$ -	$ 402,286	$ -		

(a) This category includes investments in hedge funds and allocates its assets amongst portfolio managers across a variety of long/short strategies. The fair market value of investments in this category has been estimated using the net asset value per share of these investments.

(b) This category includes investments in hedge funds and allocates its assets amongst portfolio managers that use a variety of arbitrage strategies, including identification of mispricing in securities that will be resolved through an anticipated event. Such events include mergers, acquisitions and spinoffs. The fair market value of investments in this category has been estimated using the net asset value per share of these investments.

(c) This category includes investments in hedge funds and allocates its assets amongst portfolio managers that use a variety of distressed investment strategies. The fund's managers buy the securities (generally bonds and bank loans) of companies that are in bankruptcy or in danger of bankruptcy. The fair market value of investments in this category has been estimated using the net asset value per share of these investments.

9. Property and Equipment

Property and equipment consists of the following at:

	February 29, 2020	February 28,2019
Buildings	**$ 30,708,729**	$ 30,330,880
Land	**300,000**	300,000
	31,008,729	30,630,880
Furniture and equipment	**11,050,344**	10,767,854
	42,059,073	41,398,734
Less accumulated depreciation and amortization	**(36,048,896)**	(34,984,206)
Property and equipment, net	**$ 6,010,177**	$ 6,414,528

Depreciation and amortization expense for the years ended February 29, 2020 and February 28, 2019 was $1,064,692 and $1,130,237, respectively.

10. Line of Credit

Council maintained a $ 4,980,000 line of credit with BB&T Bank that was paid in full in the year ended February 29, 2020. Interest on the line was calculated at a variable rate of 1.25% over the LIBOR Market Index Rate. This line of credit was secured against Council's brokerage account. Council had an outstanding amount on the line of credit of $2,000,000 at February 28, 2019. The interest rate at February 28, 2019 was 3.8125%.

At February 29, 2020, Council maintains a $5,000,000 line of credit with Bank of America. Interest on the line is calculated as the LIBOR Daily Floating Rate plus one percentage point. The line of credit is secured against securities and other investment property. Council has an outstanding amount on the line of credit of $2,000,000 at February 29, 2020. The interest rate at February 29, 2020 was 2.5%.

11. Deferred Revenue

Deferred revenue represents amounts received by Council in advance, which will be recognized in future periods as they are earned or, in the case of conditional contributions, as conditions are met.

Deferred revenue consists of the following at:

		February 29, 2020		February 28, 2019
National 4-H Center registration and housing fees paid in advance	$	**1,369,473**	$	2,258,867
Sponsorship		**250,993**		489,453
Field Marketing Engagement Campaign		**198,766**		276,718
Supply		**29,671**		23,599
		1,848,903		3,048,637
Less short-term portion		**(1,771,048)**		(2,951,218)
Long-term deferred revenue	$	**77,855**	$	97,419

Due to the impact of COVID-19 and the related travel restrictions, certain National 4-H Center events required cancellation. As of February 29, 2020, $865,824 was reclassified from meeting registrations deferred revenue to accounts payable and accrued expenses for refunds processed after fiscal year-end as a result of those cancellations.

12. Net Assets with Donor Restrictions

Net assets that are perpetual in nature consist of cash and investments and are subject to donor-imposed stipulations that they be retained and invested permanently by Council. The donors require Council to use all or part of the investment return on these net assets for specified or unspecified purposes.

Net assets that are restricted by purpose or time consist of cash, investments and pledges receivable and subject to donor-imposed stipulations at February 29, 2020 and February 28, 2019.

Net asset balances with donor restrictions held for the following purposes at:

		February 29, 2020		February 28, 2019
Subject to Council's endowment spending policy and appropriation:				
Investment in perpetuity - Endowment	$	**235,397**	$	235,397
Subject to expenditures for specific purposes:				
Education program activities		**34,643,460**		26,520,437
Endowment		**2,033,096**		1,932,050
		36,676,556		28,452,487
	$	**36,911,953**	$	28,687,884

During the year ended February 29, 2020 and the year ended February 28, 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time, releasing time restrictions, as follows:

Year Ended	**February 29,2020**	February 28, 2019
Purpose restrictions:		
Education program activities	**$ 22,142,879**	$ 19,603,793

13. Endowment

Council's endowment consists of individual funds established for a variety of purposes as discussed in Note 12. Council's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Net Asset Composition

The following table represents the composition of Council's endowment by net asset class at:

February 29, 2020	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	**Total**
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	**$ -**	**$ 235,397**	**$ 235,397**
Accumulated investment gains	**-**	**2,033,096**	**2,033,096**
Board-designated endowment funds	**5,527,077**	**-**	**5,527,077**
Total	**$ 5,527,077**	**$ 2,268,493**	**$ 7,795,570**

The following table represents the composition of Council's endowment by net asset class at:

February 28, 2019	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	$ -	$ 235,397	$ 235,397
Accumulated investment gains	-	1,932,050	1,932,050
Board-designated endowment funds	5,412,009	-	5,412,009
Total	$ 5,412,009	$ 2,167,447	$ 7,579,456

Changes in Endowment Net Assets

The following table represents the changes in endowment net assets during the year ended:

February 29, 2020:	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	**Total**
Endowment net assets, beginning of the year	**$ 5,412,009**	**$ 2,167,447**	**$ 7,579,456**
Investment return, net	**91,910**	**73,621**	**165,531**
Contributions	**23,158**	**39,833**	**62,991**
Amounts appropriated for expenses	**-**	**(12,408)**	**(12,408)**
Endowment net assets, end of the year	**$ 5,527,077**	**$ 2,268,493**	**$ 7,795,570**

The following table represents the changes in endowment net assets during the year ended:

February 28, 2019:	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment net assets, beginning of the period	$ 5,281,315	$ 2,148,005	$ 7,429,320
Investment return, net	107,724	17,056	124,780
Contributions	22,970	28,670	51,640
Amounts appropriated for expenses	-	(26,284)	(26,284)
Endowment net assets, end of the year	$ 5,412,009	$ 2,167,447	$ 7,579,456

Return Objectives and Risk Parameters

By policy, Council investments are maintained in a balanced investment program. The primary objective is to provide maximum growth consistent with a policy of prudent investment and protection of assets. Growth will be attained through appreciation of assets, inclusion of additional funds when available, and from retention of earnings of the fund.

Under this policy, the invested assets achieve a long-term growth rate, which will surpass the long-run rate of inflation for a blended benchmark, whichever is greater according to the certain performance standards. Real growth will be measured by combining security price appreciation with earned income for a total return review and subsequently comparing this figure to the Consumer Price Index.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In order to protect the endowments against losses and to insure relative stability in its annual earnings the spending policy determines how much of the total return will be distributed to support programs. The spending policy aims to achieve a reasonable degree of stability and predictability in income available for current operations. The spending rule allows Council management to spend up to 5% of the average of the prior three years' beginning fiscal year unrestricted market value, excluding Plant Fund assets, for programmatic purposes, regardless of the current year's market performance or earnings in the form of dividends, interest, or capital appreciation/depreciation.

The spending policy will be reviewed periodically to determine its impact on the investment portfolio and organizational net assets.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires Council to retain as a fund of perpetual duration. There were no endowment funds with deficiencies for February 29, 2020 and February 28, 2019.

14. Employee Retirement Plans and Postretirement Benefit Plan

Employee Retirement Plan

Council has a noncontributory, defined benefit pension plan (the Retirement Plan) that provides benefits for most of Council's employees upon attaining the age of 20 and one-half and completing at least 1,000 hours of service during their first year of employment or any subsequent plan year. Council makes annual contributions to the Retirement Plan equal to the minimum funding standards of ERISA and accrues pension expense based upon actuarial cost methods. Contributions are intended to provide not only for benefits attributed to service prior to the plan being frozen but also those expected to be earned in the future.

The fair value of the plan assets was less than the estimated benefit obligation at February 29, 2020 and February 28, 2019. Council contributed $458,039 and $425,258 for the years ended February 29, 2020 and February 28, 2019, respectively, and is expected to contribute $501,043 during the 2021 fiscal year. The retirement plan was frozen effective June 30, 2009 and no additional benefits were earned by participants after that date. This plan freeze resulted in a curtailment accounting under FASB ASC 715. However, the gain, or reduction, in the projected benefit obligation (PBO) due to the freeze was less than the unrecognized net loss. Therefore, there is no immediate effect of the curtailment that needs to be recognized in the consolidated statement of activities. Rather, this reduction in PBO is recognized as a reduction in the unrecognized net loss on the Retirement Plan’s statement of net assets available for benefits.

The following is a summary of the funded status of the Retirement Plan as of February 29, 2020 and February 28, 2019 and the key assumptions used by the Retirement Plan’s actuary. These calculations are performed based on a measurement date of February 29, 2020 and February 28, 2019.

Change in Benefit Obligation

Year Ended	**February 29, 2020**	February 28, 2019
Benefit obligation, beginning of year	**$ (15,452,181)**	$ (16,514,745)
Interest cost	**(634,422)**	(640,780)
Actuarial (loss)/gain	**(3,111,460)**	688,293
Benefits paid	**1,008,959**	1,015,051
Benefit obligation, end of year	**$ (18,189,104)**	$ (15,452,181)

Amounts recognized in the consolidated statements of financial position consist of the following at:

	February 29, 2020	February 28, 2019
Accumulated benefit obligation	**$ (18,189,104)**	$ (15,452,181)
Projected benefit obligation	**$ (18,189,104)**	$ (15,452,181)
Fair value of plan assets	**11,833,534**	11,951,264
Funded status - under funded	**$ (6,355,570)**	$ (3,500,917)
Unfunded pension liability	**$ (6,355,570)**	$ (3,500,917)

Items not yet recognized as a component of net periodic postretirement benefit cost:

Year Ended	**February 29, 2020**	February 28, 2019
Actuarial loss	**$ 9,783,878**	$ 6,915,481
Total	**$ 9,783,878**	$ 6,915,481

Components of net periodic benefit cost recognized as expenses in the accompanying consolidated statement of activities:

Year Ended	**February 29, 2020**	February 28, 2019
Interest cost	**$ 634,422**	$ 640,780
Expected return on plan assets	**(869,907)**	(926,701)
Amortization of prior service cost	**-**	-
Amortization of prior losses	**679,780**	699,562
Net periodic benefit cost	**$ 444,295**	$ 413,641

Amounts of net gain and net prior service cost recognized in the accompanying consolidated statement of activities apart from expenses:

Year Ended	**February 29, 2020**	February 28, 2019
Amount reclassified to net periodic benefit cost	**$ (679,780)**	$ (699,562)
Amount arising during the period	**(2,188,617)**	962,099
Total	**$ (2,868,397)**	$ 262,537

The estimated amount of actuarial loss for the year ended February 29, 2020 and to be amortized during the following year is $1,106,246.

The components of plan assets and the average asset allocations by asset category are as follows:

		February 29, 2020			February 28, 2019	
Mutual funds - Equity	$	-	%	$	4,684,166	39%
Mutual funds - Fixed income		-	%		2,507,773	21%
Mutual funds - International equity		-	%		2,127,226	18%
Mutual funds - Real estate equity fund		-	%		549,852	5%
Cash		**11,550,518**	**98%**		366,375	3%
Group annuity contract		**118,032**	**1%**		122,726	1%
Alternative Investments – Aetos Hedge Funds		**164,984**	**1%**		1,593,146	13%
Total plan assets	$	**11,833,534**	**100%**	$	11,951,264	100%

The plan also follows ASC 820 (see Note 8). Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies at February 29, 2020 and February 28, 2019.

Mutual Funds

Investments in mutual funds represent units of participation in the respective funds and the fair value is determined by reference to the respective fund's underlying assets, which are principally marketable equities and fixed income securities. Shares held in mutual funds are traded on national securities exchanges and are valued at the net asset value.

Aetos Hedge Funds

The fair value of the alternative investments is estimated based on plan management's estimates and assumptions using information provided to the plan by the investment manager. The values are based on estimates that require varying degrees of judgment and are classified at NAV. Individual holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly-traded securities, and other investment vehicles. The investments may directly expose the plan to the effects of securities lending, short sale of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments contain varying degrees of risk, the plan's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by a nationally recognized firm of independent auditors. The plan does not directly invest in the underlying securities of the investment fund and due to restrictions on transferability and timing of withdrawals from the funds, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

The following tables set forth, by level within the fair value hierarchy, the plan's investment assets that are measured at fair value on a recurring basis as of February 29, 2020 and February 28, 2019. As required by ASC 820, investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Investment Assets at Fair Value as of February 29, 2020				
	Level 1	Level 2	Level 3	Investments Reported at NAV*	Total
Asset Category:					
Mutual funds:					
U.S. Core Equity Fund Class E	$ -	$ -	$ -	$ -	$ -
Quantitative Equity Fund Class E	-	-	-	-	-
U.S. Growth Fund Class E	-	-	-	-	-
U.S. Small & Mid Cap Fund Class E	-	-	-	-	-
International Fund E	-	-	-	-	-
Emerging Markets Class E	-	-	-	-	-
Investment Grade Bond Fund Class E	-	-	-	-	-
Strategic Bond Fund Class E	-	-	-	-	-
Short Duration Bond Class E	-	-	-	-	-
Real Estate Fund E	-	-	-	-	-
Aetos hedge funds:					
Long/Short Strategies Cayman Fund	-	-	-	68,425	68,425
Multi-Strategy Arbitrage Cayman Fund	-	-	-	63,046	63,046
Distressed Investment Strategy Cayman Fund	-	-	-	33,513	33,513
Total investments at fair value	$ -	$ -	$ -	$ 164,984	$ 164,984

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

	Investment Assets at Fair Value as of February 28, 2019				
	Level 1	Level 2	Level 3	Investments Reported at NAV*	Total
Asset Category:					
Mutual funds:					
U.S. Core Equity Fund Class E	$ 1,803,063	$ -	$ -	$ -	$ 1,803,063
Quantitative Equity Fund Class E	892,257	-	-	-	892,257
U.S. Growth Fund Class E	887,503	-	-	-	887,503
U.S. Small & Mid Cap Fund Class E	1,101,343	-	-	-	1,101,343
International Fund E	1,719,246	-	-	-	1,719,246
Emerging Markets Class E	407,980	-	-	-	407,980
Investment Grade Bond Fund Class E	1,097,256	-	-	-	1,097,256
Strategic Bond Fund Class E	613,356	-	-	-	613,356
Short Duration Bond Class E	797,161	-	-	-	797,161
Real Estate Fund E	549,852	-	-	-	549,852
Aetos hedge funds:					
Long/Short Strategies Cayman Fund	-	-	-	652,711	652,711
Multi-Strategy Arbitrage Cayman Fund	-	-	-	608,807	608,807
Distressed Investment Strategy Cayman Fund	-	-	-	331,628	331,628
Total investments at fair value	$ 9,869,017	$ -	$ -	$ 1,593,146	$ 11,462,163

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

Cash funds associated with plan assets totaling $11,550,518 and $366,375 at February 29, 2020 and February 28, 2019, respectively are not included in the tables above because they are recorded at cost. Group annuity contracts totaling $118,032 and $122,726 at February 29, 2020 and February 28, 2019, respectively, are not recorded in the tables above because they are recorded at contract value.

Refer to Note 8 for Net Asset Value disclosure of the Aetos hedge funds. Management of Council was invested in the same Aetos hedge funds for the Retirement Plan and Council.

Group Annuity Contract

The group annuity contract, consisting of an immediate participation guarantee (IPG) contract entered into during 1976, is stated at contract value. Contract value represents contributions made under the contract plus interest at the contract rate less funds used to provide retirement benefits and pay administration expenses charged by the insurance company and the group contract administrator, and approximates fair value. There are no reserves against contract value for credit risk of the contract issuers or others.

Council utilizes a target allocation of 50%-70% of the portfolio to be invested in equities with up to 30% of that to be invested in international equities. The fixed income portfolio should represent 30%-50% of the total portfolio. Due to ongoing economic conditions, Council did not maintain the allocations noted above; however, the investment policy allows discretionary levels between the upper and lower ranges.

Weighted average assumptions used to determine the benefit obligation and net periodic benefit cost are as follows:

Year Ended	**February 29, 2020**	February 28, 2019
Benefit Obligation:		
Discount rate	**2.75%**	4.25%
Rate of compensation increase	**N/A**	N/A
Expected return on plan assets	**7.50%**	7.50%
Net Periodic Benefit Cost:		
Discount rate	**4.25%**	4.00%
Rate of compensation increase	**N/A**	N/A
Expected return on plan assets	**7.50%**	7.50%

The expected long-term rate of return on assets was determined by multiplying the historical rate of return for an asset class by the percentage of plan assets invested in that class and then adding the result for all classes. In general, it was based on returns for the Retirement Plan and the Retirement Plan's target asset allocation.

Year Ended	**February 29, 2020**	February 28, 2019
Net periodic benefit cost	**$ 728,154**	$ 413,641
Employer contributions	**$ -**	$ -
Participant contributions	**$ -**	$ -
Benefits paid	**$ 1,008,959**	$ 1,015,051

Estimated Future Benefit Payments

The following benefit payments are expected to be paid:

Years ending February 28,	
2021	$ 1,031,786
2022	1,018,003
2023	1,002,169
2024	993,948
2025	970,557
2026-2030	4,752,693
	$ 9,769,156

403(b) Plan

All employees are eligible to participate in a defined contribution retirement plan with Principal Trust Company after reaching the age of 21. Under the plan, Council contributes 2.5% of the employee's annual gross pay and 50 percent of the first 3 percent of eligible compensation deferred by participants. Employees may contribute up to 100 percent of their compensation not to exceed the annual maximum allowable amount under the IRC. Employee contributions may be in the form of a salary deduction or, more typically, a salary reduction whereby taxes on the contribution are deferred until retirement. Retirement expenses were $427,820 and $399,580 and for the years ended February 29, 2020 and February 28, 2019, respectively.

Postretirement Benefit Plan

Council also sponsors a postretirement health care benefit plan (the Postretirement Plan) that covers all full-time associates. The Postretirement Plan pays stated percentages of most necessary medical expenses incurred by retirees, after subtracting payments by Medicare or other providers and after a stated deductible has been met. Participants become eligible for these benefits if they retire from Council after reaching age 55 with 10 or more years of service. The Postretirement Plan is contributory, with retiree contributions adjusted annually. The accounting for the Postretirement Plan anticipates future cost-sharing changes that are consistent with Council's announced policy regarding retiree premium contributions. Eligible participant retirees pay an amount equal to 10% of the total individual premium and 50% of the total individual premium if they wish to have this health coverage for a spouse. Council made contributions of $79,469 and $77,751 for the for the years ended February 29, 2020 and February 28, 2019. Council expects to contribute $80,024 to its postretirement benefit plans in 2021.

The measures of the benefit obligation and net periodic postretirement benefit cost reflect the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act). However, there is no effect on Council's plan due to the prescription drug benefit being ineligible for any federal subsidy.

The following table sets forth the Postretirement Plan's funded status and amounts recognized in Council's consolidated statements of financial position at:

	February 29, 2020	February 28,2019
Accumulated benefit obligation	**$ (4,335,029)**	$ (3,468,529)
Fair value of plan assets	**-**	-
Funded status - under funded	**$ (4,335,029)**	$ (3,468,529)
Accrued benefits cost (including $80,024 and $82,329 and reported as current liability for 2020 and 2019, respectively)	**$ (4,335,029)**	$ (3,468,529)

Items not yet recognized as a component of net periodic postretirement benefit cost at:

	February 29, 2020	February 28, 2019
Actuarial gain	$ 72,410	$ 29,495

Council does not expect to amortize any of unrecognized actuarial gain at February 29, 2020 in 2021 and did not expect to amortize any of the unrecognized actuarial gain at February 28, 2019 in 2020. Components of net periodic postretirement cost in the accompanying consolidated statement of activities:

Year Ended	February 29, 2020	February 28, 2019
Operating – Service cost	$ 184,221	$ 22,186
Nonoperating:		
Interest cost	130,273	132,796
Actuarial gain	(58,846)	(20,018)
Total nonoperating	$ 71,427	$ 112,778
Net periodic postretirement benefit cost	$ 255,648	$ 134,964

Weighted average assumptions used to determine the postretirement benefit obligation are as follows:

Year Ended	February 29, 2020	February 28, 2019
Discount rate	2.75%	4.25%
Health care cost trend rate	5.75%	6.00%
Health care cost trend rate assumed for next year	6.00%	6.25%
Plan measurement date	2/29	2/28
Year the Rate Reaches the Ultimate Trend Rate	2023	2023

The assumptions disclosed at February 29, 2020 and February 28, 2019, respectively, are used to determine net periodic postretirement benefit cost for the following year.

The following table sets forth the effect of a 1% increase and a 1% decrease in the trend assumption on the aggregate of the services and interest cost components of the net periodic postretirement benefit cost and the accumulated postretirement benefit obligation as of:

February 29, 2020	Assumed Trend	Assumed Trend +1%	Assumed Trend -1%
Service and interest cost	$ 314,494	$ 395,519	$ 247,497
Accumulated postretirement obligation	$ 4,335,029	$ 5,114,851	$ 3,705,465

February 28, 2019	Assumed Trend	Assumed Trend +1%	Assumed Trend -1%
Service and interest cost	$ 344,982	$ 401,019	$ 299,413
Accumulated postretirement obligation	$ 3,468,529	$ 4,101,422	$ 2,937,216

Year Ended	**February 29, 2020**	February 28, 2019
Benefit cost	**$ 255,648**	$ 324,964
Benefits paid	**$ 79,469**	$ 77,751

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending February 28,	
2021	$ 80,024
2022	85,225
2023	93,008
2024	101,316
2025	105,619
2026-2030	603,263
	$ 1,068,455

15. Commitments

Operating Leases

Council has commitments under operating leases for office space through 2023. Some leases have scheduled rental increases and some contain options to renew.

Minimum rental payments under non-cancelable operating leases are as follows:

Years ending February 28,	
2021	$ 62,678
2022	63,607
2023	65,515
2024	33,242
	$ 225,042

For the year ended February 29, 2020 and February 28, 2019, rental expense was $90,482 and $83,293, respectively.

Contingencies

At any given time, Council may be involved in various claims or administrative matters. Management believes that at February 29, 2020, any liability that results from resolving these matters will not materially impact Council's consolidated financial position.

16. Consolidated Financial Information

The following chart of operating revenue without donor restrictions, operating expenses and change in net assets from operating activities without donor restrictions is presented for purposes of additional analysis of the consolidated financial statements.

Year ended February 29, 2020	National 4-H Council	National 4-H Activities Foundation	National 4-H Congress Foundation	Global Clover Network, Inc.	Total
Revenue	$ 44,707,199	$ 11,108	$ 508,887	$ -	$ 45,227,194
Expenses	43,705,534	2,674	471,501	-	44,179,709
Increase in net assets from operating activities	$ 1,001,665	$ 8,434	$ 37,386	$ -	$ 1,047,485

Year ended February 28, 2019	National 4-H Council	National 4-H Activities Foundation	National 4-H Congress Foundation	Global Clover Network, Inc.	Total
Revenue	$ 44,143,092	$ -	$ 525,793	$ -	$ 44,668,885
Expenses	43,497,422	1,246	479,409	1,000	43,979,077
Increase (decrease) in net assets from operating activities	$ 645,670	$ (1,246)	$ 46,384	$ (1,000)	$ 689,808

17. COVID-19 and CARES Act

On January 30, 2020, the World Health Organization (WHO) announced a new strain of coronavirus. As a result of the risks to the international community as the virus has spread globally beyond its point of origin, on March 11, 2020 the WHO declared the novel coronavirus a global pandemic.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on Council's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

Although Council cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on results of future operations, financial position, and liquidity in fiscal year 2021 and beyond.

On March 27, 2020 the President of the United States, signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act" to provide certain relief as a result of the COVID-19 outbreak. On May 3, 2020, Council received funds under the Paycheck Protection Program (PPP) totaling $2,156,636. PPP is an SBA 7(a) loan to cover eligible expenses such as payroll, mortgage interest payments, rent, and utilities. This loan is for entities with fewer than 500 employees, has a 1% interest rate, and has up to 100% loan forgiveness, if certain criteria are met. Council submitted a Payment Protection Program (PPP) application to help recover some of the economic damages due to the COVID-19 pandemic. The application for these funds requires Council to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of Council. The forgiveness of the loan is dependent on Council's future adherence to the forgiveness criteria.

18. Subsequent Events

Council evaluated subsequent events through January 12, 2021, which is the date the consolidated financial statements were available to be issued. There were no events that required adjustments to or disclosure in the consolidated financial statements, except as disclosed below.

On October 20, 2020, Council received a $3,000,000 grant award from the United States Department of Agriculture with a period of performance November, 2020 to April 30, 2022.

On November 19, 2020, Council obtained a $10,000,000 term loan and a $5,000,000 revolving loan through a bank. Council plans to use to proceeds from the loan and term loan to pay off it's existing line of credit and other working capital needs. Beginning in fiscal year 2022, Council will be required to ensure changes in net assets without donor restrictions do not fall below certain thresholds.

Schedule of Expenditures of Federal Awards

National 4-H Council and Controlled Affiliates

Schedule of Expenditures of Federal Awards

Year ended February 29, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
United States Department of Agriculture				
National 4-H Conference Event	10.200	N/A	$ -	$ 2,128
United States Department of Justice				
Office of Juvenile Justice and Delinquency Prevention				
Juvenile Mentoring Program- 4-H National Mentoring Program	16.726	N/A	1,570,533	1,946,213
Research and Development - Cluster				
Pass-through Program:				
National Science Foundation				
University of Nebraska- Lincoln				
Broadening Participation for Computing	47.070	25-6329-0148-003	-	43,031
Total Research and Development Cluster			-	43,031
Total Expenditures of Federal Awards			$ 1,570,533	$ 1,991,372

See Notes to Schedule of Expenditures of Federal Awards.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Council under programs of the federal government for the year ended February 29, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Council, it is not intended to and does not present the financial position, changes in net assets or cash flows of Council.

2. Indirect Cost Rate

Council has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Independent Auditor's Reports Required by *Government Auditing Standards* and the Uniform Guidance

Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
National 4-H Council and Controlled Affiliates
Chevy Chase, Maryland

We have audited, in accordance with the 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 consolidated financial statements of **National 4-H Council and Controlled Affiliates** (collectively referred to as “Council”), which comprise the consolidated statement of financial position as of February 29, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Council’s internal control. Accordingly, we do not express an opinion on the effectiveness of Council’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 entity’s consolidated 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Council's consolidated 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 consolidated financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

January 12, 2021

Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report on Compliance For The Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees
National 4-H Council and Controlled Affiliates
Chevy Chase, Maryland

Report on Compliance for the Major Federal Program

We have audited **National 4-H Council and Controlled Affiliates'** (collectively referred to as "Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Council's major federal program for the year ended February 29, 2020. Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Council's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Council's compliance.

Opinion on the Major Federal Program

In our opinion, Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended February 29, 2020.

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Report on Internal Control Over Compliance

Management of Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Council's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Council's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

January 12, 2021

National 4-H Council and Controlled Affiliates

Schedule of Findings and Questioned Costs
For the Year Ended February 29, 2020

Section I - Summary of Auditor's Results

Consolidated Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiency(ies) identified?	___ yes _X_ none reported
Noncompliance material to financial statements noted?	___ yes _X_ no

Federal Awards

Internal control over the major federal program:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiency(ies) identified?	___ yes _X_ none reported
Type of auditor's report issued on compliance for the major federal program:	Unmodified
Any audit findings disclosed that are required to to be reported in accordance with 2 CFR 200.516(a)?	___ yes _X_ no

Identification of major federal programs:

CFDA/Contract Number	Name of Federal Program or Cluster
16.726	Office of Juvenile Justice and Delinquency Prevention Juvenile Mentoring Program - 4-H National Mentoring Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	_X_ yes ___ no

Section II - Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for Federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance that were required to be reported.