



## **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 28, 2022 (with comparative  
totals for the Year Ended February 28, 2021)

**National 4-H Council and Controlled  
Affiliates**

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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 28, 2022 (with comparative totals for the Year Ended  
February 28, 2021)

# National 4-H Council and Controlled Affiliates

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## Independent Auditor's Report

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

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of **National 4-H Council and Controlled Affiliates** (Council), which comprise the consolidated statement of financial position as of February 28, 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the **National 4-H Council and Controlled Affiliates** as of February 28, 2022, 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.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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



### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Council's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary 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. Such 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 GAAS. 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 November 17, 2022, 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 2021 consolidated financial statements, and as described in Note 1, expressed an unmodified opinion on those audited consolidated financial statements in our report dated February 14, 2022. In our opinion, the summarized information presented herein, and as described in Note 1 as of and for the year ended February 28, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

**BDO USA, LLP**

November 17, 2022

## **Consolidated Financial Statements**

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## National 4-H Council and Controlled Affiliates

### Consolidated Statements of Financial Position

*As of February 28, 2022 (with summarized totals as of February 28, 2021)*

	Net assets without donor restrictions	Net assets with donor restrictions	2022 Total	2021 Total
<b>Current assets</b>				
Cash and cash equivalents	\$ 10,971,855	\$ 20,661,179	\$ 31,633,034	\$ 27,553,845
Short-term investments	4,711,040	14,868	4,725,908	10,202,149
Accounts and other receivable	1,209,113	-	1,209,113	2,548,310
Contributions receivable	-	8,211,859	8,211,859	3,584,680
Merchandise inventories, net	1,655,308	-	1,655,308	1,550,805
Other assets	247,147	-	247,147	401,860
<b>Total current assets</b>	<b>18,794,463</b>	<b>28,887,906</b>	<b>47,682,369</b>	<b>45,841,649</b>
<b>Noncurrent assets</b>				
Contributions receivable	-	4,050,755	4,050,755	2,712,226
Long-term investments	78,682,141	7,615,849	86,297,990	5,524,816
Property and equipment, net	375,189	-	375,189	5,150,825
<b>Total noncurrent assets</b>	<b>79,057,330</b>	<b>11,666,604</b>	<b>90,723,934</b>	<b>13,387,867</b>
<b>Total assets</b>	<b>\$ 97,851,793</b>	<b>\$ 40,554,510</b>	<b>\$ 138,406,303</b>	<b>\$ 59,229,516</b>

*See accompanying notes to consolidated financial statements.*

## National 4-H Council and Controlled Affiliates

### Consolidated Statements of Financial Position

*As of February 28, 2022 (with summarized totals as of February 28, 2021)*

	Net assets without donor restrictions	Net assets with donor restrictions	2022 Total	2021 Total
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 4,185,150	\$ -	\$ 4,185,150	\$ 5,588,896
Accrued postretirement benefit liability	73,458	-	73,458	75,851
Deferred revenue and other liabilities	542,764	-	542,764	2,031,530
Agency funds and other	343,736	-	343,736	470,424
<b>Total current liabilities</b>	<b>5,145,108</b>	<b>-</b>	<b>5,145,108</b>	<b>8,166,701</b>
<b>Noncurrent liabilities</b>				
Notes payable	-	-	-	10,000,000
Accrued postretirement benefit liability	2,434,603	-	2,434,603	2,976,445
Unfunded pension liability	3,265,691	-	3,265,691	4,088,622
<b>Total noncurrent liabilities</b>	<b>5,700,294</b>	<b>-</b>	<b>5,700,294</b>	<b>17,065,067</b>
<b>Total liabilities</b>	<b>10,845,402</b>	<b>-</b>	<b>10,845,402</b>	<b>25,231,768</b>
<b>Net assets</b>				
Without donor restriction	87,006,391	-	87,006,391	4,399,588
With donor restriction	-	40,554,510	40,554,510	29,598,160
<b>Total net assets</b>	<b>87,006,391</b>	<b>40,554,510</b>	<b>127,560,901</b>	<b>33,997,748</b>
<b>Total liabilities and net assets</b>	<b>\$ 97,851,793</b>	<b>\$ 40,554,510</b>	<b>\$ 138,406,303</b>	<b>\$ 59,229,516</b>

*See accompanying notes to consolidated financial statements.*

## National 4-H Council and Controlled Affiliates

### Consolidated Statement of Activities

*For the year ended February 28, 2022 (with summarized totals for the year ended February 28, 2021)*

	Net assets without donor restrictions	Net assets with donor restrictions	2022 Total	2021 Total
<b>Operating Revenue</b>				
Contributions received from the public	\$ 53,101,172	\$ 32,377,099	\$ 85,478,271	\$ 16,745,374
Federal grant revenue	3,508,858	-	3,508,858	3,010,422
Registration fees and tuition	470,075	-	470,075	-
National 4-H Center	-	-	-	395,083
National 4-H Supply Service	4,532,811	-	4,532,811	3,463,455
Investment return allocated to operations	219,180	40,852	260,032	257,356
Other	2,091,743	-	2,091,743	2,357,766
Net assets released from restrictions	21,339,696	(21,339,696)	-	-
<b>Total revenue</b>	<b>85,263,535</b>	<b>11,078,255</b>	<b>96,341,790</b>	<b>26,229,456</b>
<b>Expenses</b>				
<b>Program services</b>				
Education programs	23,574,585	-	23,574,585	20,782,112
Other programs				
National 4-H Center	1,737,189	-	1,737,189	2,226,425
National 4-H Supply Service	3,851,457	-	3,851,457	5,042,248
<b>Total other programs</b>	<b>5,588,646</b>	<b>-</b>	<b>5,588,646</b>	<b>7,268,673</b>
<b>Total program services</b>	<b>\$ 29,163,231</b>	<b>\$ -</b>	<b>\$ 29,163,231</b>	<b>\$ 28,050,785</b>

*See accompanying notes to consolidated financial statements.*

## National 4-H Council and Controlled Affiliates

### Consolidated Statement of Activities

*For the year ended February 28, 2022 (with summarized totals for the year ended February 28, 2021)*

	Net assets without donor restrictions	Net assets with donor restrictions	2022 Total	2021 Total
<b>Supporting services</b>				
Management and general	\$ 4,606,021	\$ -	\$ 4,606,021	\$ 4,688,749
Fundraising	3,086,527	-	3,086,527	2,772,673
<b>Total supporting services</b>	<b>7,692,548</b>	<b>-</b>	<b>7,692,548</b>	<b>7,461,422</b>
<b>Total operating expenses</b>	<b>36,855,779</b>	<b>-</b>	<b>36,855,779</b>	<b>35,512,207</b>
<b>Change in net assets from operating activities</b>	<b>48,407,756</b>	<b>11,078,255</b>	<b>59,486,011</b>	<b>(9,282,751)</b>
<b>Nonoperating increase (decrease)</b>				
Gain on Center sale, net	33,937,555	-	33,937,555	-
Contributions	28,003	33,393	61,396	-
Investment return, net	(816,038)	(155,298)	(971,336)	2,850,219
Net periodic postretirement benefit cost other than service cost	25,914	-	25,914	(14,205)
Net periodic pension benefit cost other than service cost	(241,213)	-	(241,213)	(728,154)
Postretirement related changes other than net periodic postretirement costs	633,569	-	633,569	1,443,035
Pension related changes other than net periodic pension costs	631,257	-	631,257	2,494,059
<b>Change in net assets from nonoperating activities</b>	<b>34,199,047</b>	<b>(121,905)</b>	<b>34,077,142</b>	<b>6,044,954</b>
<b>Change in net assets</b>	<b>82,606,803</b>	<b>10,956,350</b>	<b>93,563,153</b>	<b>(3,237,797)</b>
<b>Net assets, beginning of year</b>	<b>4,399,588</b>	<b>29,598,160</b>	<b>33,997,748</b>	<b>37,235,545</b>
<b>Net assets, end of year</b>	<b>\$ 87,006,391</b>	<b>\$ 40,554,510</b>	<b>\$ 127,560,901</b>	<b>\$ 33,997,748</b>

*See accompanying notes to consolidated financial statements.*

## National 4-H Council and Controlled Affiliates

### Consolidated Statement of Functional Expenses

*For the year ended February 28, 2022 (with summarized totals for the year ended February 28, 2021)*

	Program Services				Supporting Services			2022 Total	2021 Total
	Education Programs	National 4-H Center	National 4-H Supply Service	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries, taxes and benefits	\$ 6,733,191	\$ 555,287	\$ 1,000,547	\$ 8,289,025	\$ 3,254,092	\$ 2,562,715	\$ 5,816,807	\$ 14,105,832	\$ 14,833,238
Awards, scholarships and grants	9,325,471	-	-	9,325,471	-	450	450	9,325,921	7,785,610
Professional fees	5,448,844	786,775	104,508	6,340,127	1,032,282	191,853	1,224,135	7,564,262	6,839,639
Cost of goods sold	18,375	6,403	1,888,899	1,913,677	-	-	-	1,913,677	1,721,734
Other	988,478	144,449	322,433	1,455,360	168,224	188,409	356,633	1,811,993	1,441,577
Resources and office supplies	540,999	(16,658)	59,902	584,243	49,298	58,515	107,813	692,056	777,357
Travel	380,625	969	18,889	400,483	62,955	41,442	104,397	504,880	151,970
Postage and shipping	6,520	860	413,799	421,179	1,619	2,765	4,384	425,563	413,955
Utilities and telephone	70,215	259,104	35,310	364,629	22,705	24,071	46,776	411,405	583,801
Depreciation and amortization	61,867	-	7,170	69,037	14,846	16,307	31,153	100,190	963,326
<b>Total operating expenses</b>	<b>23,574,585</b>	<b>1,737,189</b>	<b>3,851,457</b>	<b>29,163,231</b>	<b>4,606,021</b>	<b>3,086,527</b>	<b>7,692,548</b>	<b>36,855,779</b>	<b>35,512,207</b>
Pension and Postretirement costs	104,983	9,400	14,421	128,804	44,945	41,550	86,495	215,299	742,359
<b>Total expenses</b>	<b>\$ 23,679,568</b>	<b>\$ 1,746,589</b>	<b>\$ 3,865,878</b>	<b>\$ 29,292,035</b>	<b>\$ 4,650,966</b>	<b>\$ 3,128,077</b>	<b>\$ 7,779,043</b>	<b>\$ 37,071,078</b>	<b>\$ 36,254,566</b>

*See accompanying notes to consolidated financial statements.*

# National 4-H Council and Controlled Affiliates

## Consolidated Statements of Cash Flows

<i>Years Ended February 28,</i>	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 93,563,153	\$ (3,237,797)
<b>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</b>		
Depreciation and amortization	100,190	963,326
Net unrealized and realized losses (gains) on investments	976,568	(2,940,493)
(Gain) loss on disposal of property and equipment	(33,791,367)	125,175
<b>(Increase) decrease in assets</b>		
Accounts and other receivable	1,339,197	(1,724,764)
Contributions receivable	(5,965,708)	7,329,887
Merchandise inventories	(104,503)	234,364
Other assets	154,713	(206,650)
<b>Increase (decrease) in liabilities</b>		
Accounts payable and accrued expenses	(1,403,746)	1,585,131
Accrued postretirement benefit liability	(544,235)	(1,282,733)
Deferred revenue and other liabilities	(1,488,766)	182,627
Agency funds and other	(126,688)	(149,413)
Unfunded pension liability	(822,931)	(2,266,948)
<b>Net cash provided by (used in) operating activities</b>	<b>51,885,877</b>	<b>(1,388,288)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(6,609)	(229,149)
Proceeds from sales of property and equipment	38,473,422	-
Purchases of investments	(114,813,389)	(1,373,230)
Proceeds from sales of investments	38,539,888	1,178,955
<b>Net cash used in investing activities</b>	<b>(37,806,688)</b>	<b>(423,424)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from notes payable	-	10,000,000
Payments on notes payable	(10,000,000)	-
Payments on line of credit	-	(2,000,000)
<b>Net cash (used in) provided by financing activities</b>	<b>(10,000,000)</b>	<b>8,000,000</b>
<b>Increase in cash and cash equivalents</b>	<b>4,079,189</b>	<b>6,188,288</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>27,553,845</b>	<b>21,365,557</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 31,633,034</b>	<b>\$ 27,553,845</b>

*See accompanying notes to consolidated financial statements.*

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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### 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 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.

#### *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 2021*

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, 2021, 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).

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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### *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 and marketable securities that are carried at readily determinable fair values. Investment returns are included in the consolidated statement of activities. Short-term investments represent planned withdrawals over the next fiscal year. Long-term investments represent amounts intended for use in future years.

### *Financial Instruments and Credit Risk*

Council's assets that are exposed to credit risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalents balances are maintained at financial institutions, and, at times, balances may exceed federally insured limits. Council has never historically experienced any losses related to these balances. Investment securities are exposed to risks, such as interest rate, market volatility and credit fluctuations. It is at least reasonably possible that changes in the values of the investments will occur in the near term and such changes could materially affect the fair value of investments reported in the consolidated statement of financial position. Investments are diversified across different asset classes whose performance is monitored by management and the Investment Committee. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the current investment policies and guidelines are prudent for the long-term welfare of Council.

### *Accounts and Other Receivable*

Accounts and other receivable consist primarily of amounts due from the federal government under agreements with various federal agencies. 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 and other receivable are written off if reasonable collection efforts prove unsuccessful. Management considers all accounts and other receivables to be fully collectible, therefore, no allowance for doubtful accounts has been established.

### *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.

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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### ***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 \$5,000, a threshold which was increased during the current fiscal year from the prior policy of \$1,000. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets ranging from 5-to-7 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.

### ***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 and Other Liabilities***

Deferred revenue and other liabilities consists primarily of prepayments for services to be rendered or payments received on conditional contributions as well as amounts of PPP loan that have not yet been forgiven. 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 and cash and cash equivalents in the accompanying consolidated statements of financial position. Short-term investments include approximately \$79,185 and \$135,193, as of February 28, 2022 and 2021, 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.

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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### ***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 statement of activities as net assets released from restrictions.

### ***Contributions Received from the Public***

Council recognizes unconditional promises to give as contributions receivable and contribution revenue in the period in which Council is notified by the donor of the underlying commitment. Conditional promises to give that is, those that are with a measurable performance or other barrier and the right of return and release, are not recognized until the conditions on which they depend have been met.

Council reports donor-restricted contributions and increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

### ***Federal Grant Revenue***

Grants awarded by federal sponsors, which are generally considered nonreciprocal transactions, are recognized as revenue when qualifying reimbursable expenses have been incurred and conditions under the agreements are met.

All federal grants were considered conditional contributions for the years ended February 28, 2022 and 2021.

Council had approximately \$9,273,000 and \$10,716,000 in unrecognized conditional contributions related to federal awards as of February 28, 2022 and 2021, respectively. The revenue related to these awards is conditioned on incurring allowable expenditures under the terms of the respective agreements.

### ***Registration Fees and Tuition***

Registration fees and tuition revenue represents fees paid by participants of various educational programs offered by Council. Fees are recognized as revenue on the commencement date of the program.

### ***National 4-H Center***

The National 4H Conference Center was a nonprofit hotel and conference center in Washington DC. The Conference Center provided accommodations, meeting and event services, tours of Washington DC, catering, and banquet services to members of the 4H community and others. The 4H Conference Center was closed in March of 2020 due to the COVID-19 pandemic and ultimately was sold in March

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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2021. National 4-H Center revenues include amounts paid by or on behalf of those who stayed at the Center in March 2020. The fees were based on fixed rates that were collected either in advance of the stay or at the time of the stay and are recognized as revenue at the time of the stay.

### ***National 4-H Supply Service***

National 4-H supply service revenues represent sales made through the Shop 4H website and includes curriculum, apparel, pins, and other 4-H branded accessories and tools. Council provides curriculum and supplies to customers based on price listings on the website or negotiated rates for significant sales. Customers pay at the time of purchase or are invoiced for purchases. Revenue from supply services sales is recognized in the period that the product is delivered to the customer.

### ***Other Revenue***

Other revenue includes forgiveness of the PPP loan for \$1,998,132 and other revenue of \$93,611 for the year ended February 28, 2022. Other revenue includes forgiveness of the PPP loan for \$2,156,636 and other revenue of \$201,130 for the year ended February 28, 2021. The forgiveness of the PPP loans are recognized as a contribution at the time Council met the measurable performance barriers of incurrence of legitimate costs allowed under the requirements of the SBA 7(a) loans. Other revenue is primarily associated with Council's extension engagement program whereby Council provides marketing materials and advice to the field offices in exchange for a fee. The fixed fees are set in agreements between each extension engagement partner and Council and are recognized over time in accordance with the pattern of delivery of the services to the partners.

### ***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, insurance, technology costs, and the Office of the Chief Executive Officer. Council allocates expenses based on the proportion of compensation expense directly attributed to the program.

### ***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.

### ***Risks and Uncertainties***

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.

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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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.

### *Accounting Pronouncements to be Adopted*

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. Information that shows the contributed nonfinancial assets disaggregated by category will be required to be disclosed. In addition, the ASU requires that for each type of contributed nonfinancial asset the following will be disclosed: (a) policy (if any) on liquidating rather than using the contributed nonfinancial assets, (b) qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period and, if used, a description of how the asset was employed should be included, (c) any donor imposed restrictions related to contributed nonfinancial assets, (d) valuation methods and inputs utilized to determine a fair value measure at initial recognition, and (e) the principal or most advantageous market utilized to calculate fair value if it is a market in which the NFP is restricted by the donor from selling or utilizing the contributed nonfinancial assets. The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption of the ASU is permitted. Council is evaluating the effect that adoption of this new standard will have on Council's consolidated financial statements.

## **2. 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 had no sources of unrelated business income for the years ended February 28, 2022 and 2021.

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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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 28, 2022 and 2021.

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 28, 2022 and 2021.

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 28, 2022 and 2021.

Council follows the provisions of FASB Accounting Standards Codification (ASC) 740, *Income Taxes*. 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 2019. For the years ended February 28, 2022 and 2021, no interest or penalties were recorded or included in the consolidated statements of activities related to uncertain tax positions.

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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### 3. 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:

<i>February 28,</i>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 31,633,034	\$ 27,553,845
Accounts and other receivable	1,209,113	2,548,310
Contributions receivable	12,262,614	6,296,906
Investments	91,023,898	15,726,965
Total financial assets available	136,128,659	52,126,026
Less: Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with purpose or time restrictions	(40,554,510)	(29,598,160)
Amounts unavailable to management without Board's approval:		
Board designated net assets	(5,943,945)	(6,058,363)
Total financial assets available to management for general expenditure within one year	\$ 89,630,204	\$ 16,469,503

Council structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### 4. Accounts and Other Receivable

Accounts receivable consist of the following at:

<i>February 28,</i>	<b>2022</b>	<b>2021</b>
Federal awards	\$ 971,512	\$ 2,315,556
National 4-H Supply Service customers	94,658	81,083
Other	142,943	151,671
Accounts and other receivable	\$ 1,209,113	\$ 2,548,310

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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### 5. Contributions Receivable

Contributions receivable are due in the following years at:

<i>February 28,</i>	<b>2022</b>	<b>2021</b>
Amounts due in:		
Less than one year	\$ 8,211,859	\$ 3,584,680
One to five years	4,050,755	2,712,226
	<b>12,262,614</b>	<b>6,296,906</b>
Less: Long term contributions receivable	<b>(4,050,755)</b>	<b>(2,712,226)</b>
Short term contributions receivable	<b>\$ 8,211,859</b>	<b>\$ 3,584,680</b>

### 6. 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 and Exchange-Traded Funds:*

Investments in mutual funds and exchange-traded funds (ETFs) represent units of participation in the respective funds and the fair value is determined by reference to the respective fund's

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

underlying assets, which are principally marketable equities and fixed income securities. Shares held in mutual funds and EFTs are traded on national securities exchanges and are valued at the net asset value. 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. Council's defined benefit pension plan trust also invests in mutual funds and ETFs (see Note 12).

The following tables set forth Council's investment assets at fair value, by level, as of February 28, 2022 and 2021.

Investment Assets at Fair Value as of February 28, 2022				
	Level 1	Level 2	Level 3	Total
<b>Equity funds:</b>				
Domestic large cap	\$ 18,032,420	\$ -	\$ -	\$ 18,032,420
Domestic mid cap	9,966,207	-	-	9,966,207
Domestic small cap	11,725,829	-	-	11,725,829
International large cap	3,470,263	-	-	3,470,263
International mid cap	1,187,958	-	-	1,187,958
<b>Fixed income:</b>				
Short-term investment	3,174,669	-	-	3,174,669
Intermediate-term investment	7,986,669	-	-	7,986,669
Long-term investment	5,069,854	-	-	5,069,854
<b>Cash</b>	<b>30,410,029</b>	<b>-</b>	<b>-</b>	<b>30,410,029</b>
<b>Total investments at fair value</b>	<b>91,023,898</b>	<b>-</b>	<b>-</b>	<b>91,023,898</b>
<b>Less short-term investments</b>	<b>(4,725,908)</b>	<b>-</b>	<b>-</b>	<b>(4,725,908)</b>
<b>Long term investments</b>	<b>\$ 86,297,990</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 86,297,990</b>

Investment Assets at Fair Value as of February 28, 2021				
	Level 1	Level 2	Level 3	Total
<b>Equity funds:</b>				
Domestic large cap	\$ 4,754,022	\$ -	\$ -	\$ 4,754,022
Domestic mid cap	2,969,464	-	-	2,969,464
Domestic small cap	2,055,891	-	-	2,055,891
International large cap	622,674	-	-	622,674
International mid cap	297,543	-	-	297,543
<b>Fixed income:</b>				
Short-term investment	964,003	-	-	964,003
Intermediate-term investment	2,446,194	-	-	2,446,194
Long-term investment	1,457,033	-	-	1,457,033
<b>Cash</b>	<b>160,141</b>	<b>-</b>	<b>-</b>	<b>160,141</b>
<b>Total investments at fair value</b>	<b>15,726,965</b>	<b>-</b>	<b>-</b>	<b>15,726,965</b>
<b>Less short-term investments</b>	<b>(10,202,149)</b>	<b>-</b>	<b>-</b>	<b>(10,202,149)</b>
<b>Long term investments</b>	<b>\$ 5,524,816</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,524,816</b>

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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### 7. Property and Equipment

During March 2021, Council made the decision to make the headquarters location in Maryland available for sale. A buyer was identified and the sale was completed in December 2021, resulting in sales proceeds of \$38,473,422, which is net of sales costs of \$1,591,578. The net sales proceeds are further offset by the disposal of the net book value of the Center assets of \$4,535,867 resulting in a gain on Center sale of \$33,937,555. Prospectively, the National 4-H Center meeting and event services will be conducted at contracted venues.

As disclosed in Note 1, Council increased its capitalization policy and wrote off all previously capitalized property and equipment below the new threshold of \$5,000. A loss on disposal in the amount of \$146,187 was recorded to the write off the property and equipment. Depreciation and amortization expense for the years ended February 28, 2022 and 2021, was \$100,190 and \$963,326, respectively.

Property and equipment consists of the following at:

<i>February 28,</i>	<b>2022</b>	<b>2021</b>
Buildings	\$ -	\$ 23,097,709
Land	-	300,000
		23,397,709
Furniture and equipment	<b>780,071</b>	2,177,564
	<b>780,071</b>	25,575,273
Less accumulated depreciation and amortization	<b>(404,882)</b>	(20,424,448)
Property and equipment, net	<b>\$ 375,189</b>	<b>\$ 5,150,825</b>

### 8. Notes Payable

On November 19, 2020 Council obtained a \$10,000,000 term loan and a \$5,000,000 revolving loan through M&T Bank. Council used the proceeds from the loan and term loan to pay off the previous line of credit's outstanding balance of \$2,000,000 and to fund working capital needs. Interest accrues on the outstanding principal of the \$10,000,000 note at 2.51% points above the one-month LIBOR and the note is due in December 2025. The line of credit has been terminated with the sale of Council's headquarters. The term loan was paid in full in December 2021 with the portion of the proceeds received from the sale of Council's headquarters.

### 9. Deferred Revenue and Other Liabilities

Deferred revenue and other liabilities represent amounts received by Council in advance, which will be recognized in future periods as they are earned. All deferred revenue and other liabilities for the years ended February 28, 2022 and 2021, respectively, is expected to be earned with one year.

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

Deferred revenue consists of the following at:

<i>February 28,</i>	<b>2022</b>	<b>2021</b>
Event registration paid in advance	\$ 509,391	\$ -
PPP loan	-	1,998,132
Supply	33,373	33,398
Deferred revenue and other liabilities	\$ 542,764	\$ 2,031,530

### 10. Net Assets with Donor Restrictions

Net assets that are perpetual in nature consist of 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 are subject to donor-imposed stipulations at February 28, 2022 and 2021.

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

<i>February 28,</i>	<b>2022</b>	<b>2021</b>
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	37,957,405	26,905,134
Endowment	2,361,708	2,457,629
	\$ 40,554,510	\$ 29,598,160

During the years ended February 28, 2022 and 2021, 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:

<i>Years Ended February 28,</i>	<b>2022</b>	<b>2021</b>
Purpose restrictions:		
Education program activities	\$ 21,339,696	\$ 20,651,058

### 11. Endowment

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

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

### *Endowment Net Asset Composition*

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

<i>February 28, 2022</i>	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	-	2,361,708	2,361,708
Board-designated quasi-endowment funds	5,943,945	-	5,943,945
<b>Total</b>	<b>\$ 5,943,945</b>	<b>\$ 2,597,105</b>	<b>\$ 8,541,050</b>

<i>February 28, 2021</i>	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	-	2,457,629	2,457,629
Board-designated quasi-endowment funds	6,058,363	-	6,058,363
<b>Total</b>	<b>\$ 6,058,363</b>	<b>\$ 2,693,026</b>	<b>\$ 8,751,389</b>

### *Changes in Endowment Net Assets*

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

<i>February 28, 2022</i>	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 6,058,363	\$ 2,693,026	\$ 8,751,389
Investment return, net	(142,421)	(114,446)	(256,867)
Contributions	28,003	33,393	61,396
Amounts appropriated for expenses	-	(14,868)	(14,868)
<b>Endowment net assets, end of the year</b>	<b>\$ 5,943,945</b>	<b>\$ 2,597,105</b>	<b>\$ 8,541,050</b>

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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<i>February 28, 2021</i>	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 5,527,077	\$ 2,268,493	\$ 7,795,570
Investment return, net	509,982	410,293	920,275
Contributions	21,304	23,804	45,108
Amounts appropriated for expenses	-	(9,564)	(9,564)
Endowment net assets, end of the year	\$ 6,058,363	\$ 2,693,026	\$ 8,751,389

### ***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 ensure 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 restricted endowment market value, 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 28, 2022 and 2021.

## **12. 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

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

at least 1,000 hours of service during their first year of employment or any subsequent plan 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 statements 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.

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. Council is expected to contribute \$401,671 during the 2023 fiscal year.

The reconciliation of the Retirement Plan's funded status to amounts recognized in the financial statements is as follows:

<i>Years Ended February 28,</i>	<b>2022</b>	<b>2021</b>
Benefit obligation, beginning of year	\$ (17,096,459)	\$ (18,189,104)
Interest cost	(496,796)	(486,013)
Actuarial gain	572,216	531,922
Benefits paid	1,079,140	1,046,736
Benefit obligation, end of year	\$ (15,941,899)	\$ (17,096,459)

<i>Years Ended February 28,</i>	<b>2022</b>	<b>2021</b>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ 13,007,837	\$ 11,833,534
Actual return on plan assets	314,624	1,719,996
Employer contributions	432,887	501,043
Benefits paid	(1,079,140)	(1,046,736)
Fair value of plan assets, end of year	\$ 12,676,208	\$ 13,007,837
Funded status - in noncurrent liabilities	\$ (3,265,691)	\$ (4,088,622)

The accumulated benefit obligation is equal to the projected benefit obligation since the Retirement Plan is frozen.

The cumulative amounts recognized as changes in net assets without donor restrictions, but not yet reclassified as components of net periodic pension cost consist of the following:

<i>Years Ended February 28,</i>	<b>2022</b>	<b>2021</b>
Actuarial loss	\$ 6,658,562	\$ 7,289,819

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

Components of net periodic benefit cost recognized in the accompanying consolidated statements of activities as nonoperating:

<i>Years Ended February 28,</i>	<b>2022</b>	<b>2021</b>
Interest cost	\$ 496,796	\$ 486,013
Expected return on plan assets	(953,105)	(864,105)
Amortization of actuarial loss	697,522	1,106,246
<b>Net periodic benefit cost</b>	<b>\$ 241,213</b>	<b>\$ 728,154</b>

Amounts of net gain recognized in the accompanying consolidated statement of activities apart from expenses:

<i>Years Ended February 28,</i>	<b>2022</b>	<b>2021</b>
Amount reclassified to net periodic benefit cost	\$ (697,522)	\$ (1,106,246)
Loss (gain) arising during the period	66,265	(1,387,813)
<b>Total</b>	<b>\$ (631,257)</b>	<b>\$ (2,494,059)</b>

During the year ended February 28, 2022, Council recognized an actuarial loss of \$66,265 primarily due to the unfavorable returns on the investments held by the Retirement Plan trust in offset by the 50 basis point increase in the discount rate used to measure the Retirement Plan benefit obligation at February 28, 2022. During the year ended February 28, 2021, Council recognized an actuarial gain of \$1,387,813 primarily due to the favorable returns on the investments held by the Retirement Plan trust in addition to the 25 basis point increase in the discount rate used to measure the Retirement Plan benefit obligation at February 28, 2021.

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

<i>February 28,</i>	<b>2022</b>		<b>2021</b>	
Equity mutual funds and ETFs	\$ 8,558,956	67%	\$ 8,793,694	67%
Fixed income mutual funds and ETFs	3,817,419	30%	3,778,702	29%
Money market funds	-	-%	208,774	2%
Cash	191,861	2%	113,467	1%
Group annuity contract	107,972	1%	113,200	1%
<b>Total plan assets</b>	<b>\$ 12,676,208</b>	<b>100%</b>	<b>\$ 13,007,837</b>	<b>100%</b>

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 target is 30%-50% of the total portfolio. Actual allocations may differ from target allocations from time due to economic conditions. Council's investment policy statement allows for discretion between upper and lower ranges.

The plan follows the same fair value measurement methods as Council (see Note 6). There have been no changes in the methodologies during the years ended February 28, 2022 and 2021.

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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.

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 28, 2022 and 2021.

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.

### Plan Assets at Fair Value as of February 28, 2022

Asset Category:	Level 1	Level 2	Level 3	Total
<b>Equity mutual funds and ETFs:</b>				
Domestic small/mid-cap	\$ 1,273,054	\$ -	\$ -	\$ 1,273,054
Domestic large cap	4,894,220	-	-	4,894,220
International (developed countries)	1,922,728	-	-	1,922,728
International (emerging markets)	451,830	-	-	451,830
Real estate	17,124	-	-	17,124
<b>Fixed income mutual funds and ETFs:</b>				
Short-term	801,281	-	-	801,281
Intermediate	3,016,138	-	-	3,016,138
<b>Total plan assets at fair value</b>	<b>\$ 12,376,375</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,376,375</b>

### Plan Assets at Fair Value as of February 28, 2021

Asset Category:	Level 1	Level 2	Level 3	Total
<b>Money market funds</b>	\$ 208,774	\$ -	\$ -	\$ 208,774
<b>Equity mutual funds and ETFs:</b>				
Domestic small/mid-cap	1,513,588	-	-	1,513,588
Domestic large cap	4,271,243	-	-	4,271,243
International (developed countries)	2,011,368	-	-	2,011,368
International (emerging markets)	511,043	-	-	511,043
Real estate	486,452	-	-	486,452
<b>Fixed income mutual funds and ETFs:</b>				
Short-term	764,868	-	-	764,868
Intermediate	3,013,834	-	-	3,013,834
<b>Total plan assets at fair value</b>	<b>\$ 12,781,170</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,781,170</b>

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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Cash funds associated with plan assets totaling \$191,861 and \$113,467 at February 28, 2022 and 2021, respectively, are not included in the tables above because they are recorded at cost. Group annuity contracts totaling \$107,972 and \$113,200 at February 28, 2022 and 2021, respectively, are not recorded in the tables above because they are recorded at contract value.

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

<i>Year Ended February 28,</i>	<b>2022</b>	<b>2021</b>
Discount rate	<b>3.50%</b>	3.00%
Rate of compensation increase	<b>N/A</b>	N/A
Expected return on plan assets	<b>7.50%</b>	7.50%
Measurement date	<b>2/28</b>	2/28

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The assumptions disclosed at February 28, 2022 and 2021, respectively, are used to determine net periodic pension cost for the following year.

The following benefit payments are expected to be paid:

<i>Years ending February 28,</i>	
2023	\$ 1,067,937
2024	1,022,741
2025	999,351
2026	975,808
2027	991,769
2028-2032	4,752,340

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### **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. Due to the impact of COVID-19, Council temporarily stopped contributions to the retirement plan for a period during years ended February 28, 2022 and 2021. As of January 2022, Council's match and discretionary contributions were fully caught up. Retirement expenses were \$356,185 and \$114,332 for the year ended February 28, 2022 and 2021, 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

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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 \$69,394 and \$70,565 for the for the years ended February 28, 2022 and 2021, respectively. Council expects to contribute \$73,458 to its postretirement benefit plans in 2023.

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:

<i>February 28,</i>	<b>2022</b>	<b>2021</b>
Accumulated benefit obligation	\$ (2,508,061)	\$ (3,052,296)
Fair value of plan assets	-	-
<b>Funded status - in liabilities</b>	<b>\$ (2,508,061)</b>	<b>\$ (3,052,296)</b>
Accrued postretirement benefit - current	\$ (73,458)	\$ (75,851)
Accrued postretirement benefit - noncurrent	(2,434,603)	(2,976,445)
<b>Total accrued postretirement benefit</b>	<b>\$ (2,508,061)</b>	<b>\$ (3,052,296)</b>

The cumulative amounts recognized as changes in net assets without donor restrictions but not yet reclassified as a component of net periodic postretirement costs consist of the following:

<i>Year Ended February 28,</i>	<b>2022</b>	<b>2021</b>
Actuarial gain	\$ 2,149,014	\$ 1,515,445

Components of net periodic postretirement cost recognized in the accompanying consolidated statement of activities:

<i>February 28,</i>	<b>2022</b>	<b>2021</b>
Operating - Service cost	\$ 184,642	\$ 216,662
Nonoperating:		
Interest cost	75,674	83,309
Amortization of actuarial gain	(101,588)	(69,104)
<b>Total nonoperating</b>	<b>(25,914)</b>	<b>14,205</b>
<b>Net periodic postretirement benefit cost</b>	<b>\$ 158,728</b>	<b>\$ 230,867</b>

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

Amounts of net gain recognized in the accompanying consolidated statement of activities apart from expenses:

<i>February 28,</i>	<b>2022</b>	<b>2021</b>
Amount reclassified to net periodic postretirement benefit cost	\$ 101,588	\$ 69,104
Gain arising during the period	<b>(735,157)</b>	<b>(1,512,139)</b>
Postretirement related changes other than net periodic postretirement cost	<b>\$ (633,569)</b>	<b>\$ (1,443,035)</b>

During the year ended February 28, 2022, Council recognized an actuarial gain of \$735,157 primarily due to the decrease in eligible plan participants in addition to the 50 basis point increase in the discount rate used to measure the Postretirement Plan benefit obligation at February 28, 2022. During the year ended February 28, 2021, Council recognized an actuarial gain of \$1,512,139 primarily due to the decrease in eligible plan participants in addition to the 25 basis point increase in the discount rate used to measure the Postretirement Plan benefit obligation at February 28, 2021 as compared to February 29, 2020.

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

<i>February 28,</i>	<b>2022</b>	<b>2021</b>
Discount rate	<b>3.50%</b>	3.00%
Health care cost trend rate assumed for next year	<b>5.25%</b>	5.50%
Rate to which the cost trend is assumed to decline (ultimate trend rate)	<b>5.00%</b>	5.00%
Year the rate reaches the ultimate trend rate	<b>2023</b>	2023
Plan measurement date	<b>2/28</b>	2/28

The assumptions disclosed at February 28, 2022 and 2021, respectively, are used to determine net periodic postretirement benefit cost for the following year.

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

<i>Years ending February 28,</i>	
2023	\$ 73,458
2024	74,240
2025	73,187
2026	72,215
2027	72,700
2028-2032	<b>397,193</b>

# National 4-H Council and Controlled Affiliates

## Notes to Consolidated Financial Statements

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### 13. Commitments and Contingencies

#### *Operating Leases*

Council has commitments under operating leases for warehouse space through 2024. 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,*

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2023	\$ 65,515
2024	33,242
	<hr/>
	\$ 98,757

For the year ended February 28, 2022 and 2021, rental expense was \$63,607 and \$89,898, respectively.

#### *Contingencies*

Council has entered into various hotel contracts for its events. Should an event be cancelled for reasons not excepted in the agreements, Council may be liable for penalties up to the amount of \$500,000.

At any given time, Council may be involved in various claims or administrative matters. Management believes that at February 28, 2022, any liability that results from resolving these matters will not materially impact Council's consolidated financial position.

### 14. Subsequent Events

Council evaluated subsequent events through November 17, 2022, which is the date the consolidated financial statements were available to be issued.

On August 17, 2022, Council signed a new office lease for 15,073 square feet of headquarters space located at 655 15<sup>th</sup> Street, NW, Washington DC. The lease term begins May 1, 2023, and extends for 15 years. The Council has a two-year rent payment deferral under terms of the agreement.

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

#### *Years ending February 28,*

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2023	\$ -
2024	-
2025	918,549
2026	941,460
2027	964,974
2028 - 2038	11,080,915
	<hr/>
	\$ 13,905,898

## Schedule of Expenditures of Federal Awards

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# National 4-H Council and Controlled Affiliates

## Schedule of Expenditures of Federal Awards

*Year ended February 28, 2022*

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>United States Department of Agriculture</b>				
Direct Awards:				
Grants for Agricultural Research, Special Research Grants	10.200	N/A	\$ -	52,822
Agriculture and Food Research Initiative	10.310	N/A	60,352	450,258
			60,352	503,080
Pass-through Award:				
Kansas State University-Cooperative Extension Service	10.500	A00-0349-5001	-	67,311
Total United States Department of Agriculture			60,352	570,391
<b>United States Department of Justice</b>				
Direct Award:				
Juvenile Mentoring Program	16.726	N/A	2,573,880	2,938,467
Total Expenditures of Federal Awards			\$ 2,634,232	\$ 3,508,858

*See Notes to Schedule of Expenditures of Federal Awards.*

# National 4-H Council and Controlled Affiliates

## Notes to Schedule of Expenditures of Federal Awards Year Ended February 28, 2022

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### 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 28, 2022. 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**

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## **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** ("Council"), which comprise Councils' consolidated statement of financial position as of February 28, 2022, 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 November 17, 2022.

### **Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.



## Report on 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

BDO USA, LLP

November 17, 2022



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## **Independent Auditor's Report on Compliance For Each 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 Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited **National 4-H Council and Controlled Affiliates'** ("Council") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Council's major federal programs for the year ended February 28, 2022. Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 28, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major program. Our audit does not provide a legal determination of Council's compliance with the types of compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Council's federal programs.

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### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

November 17, 2022

# National 4-H Council and Controlled Affiliates

## Schedule of Findings and Questioned Costs For the Year Ended February 28, 2022

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### Section I - Summary of Auditor's Results

#### *Consolidated Financial Statements*

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes  none reported

Noncompliance material to consolidated financial statements noted?

\_\_\_\_\_ yes  no

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes  none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ yes  no

Identification of major federal programs:

Federal Assistance Listing Number

Name of Federal Program or Cluster

16.726

Juvenile Mentoring Program

10.310

Agriculture and Food Research Initiative

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes \_\_\_\_\_ no

# National 4-H Council and Controlled Affiliates

## Schedule of Findings and Questioned Costs For the Year Ended February 28, 2022

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### **Section II - Consolidated Financial Statement Findings**

There were no findings related to the consolidated 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.