

ANGUS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018



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**ANGUS FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Angus Foundation
St. Joseph, Missouri

We have audited the accompanying financial statements of Angus Foundation (the Foundation), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements. We have also audited the accompany statement of functional expenses for the year ended September 30, 2019.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the 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 Foundation'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 financial statements.

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

Board of Directors
Angus Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Angus Foundation as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14 *Not-For-Profit (Topic 958), Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Joseph, Missouri
October 17, 2019

**ANGUS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018**

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 64,885	\$ 32,420
Accounts Receivable	712	1,712
Accounts Receivable - Related Party	-	190,000
Pledges Receivable, Net - Current Portion	166,629	145,582
Inventories	54,072	32,353
Prepaid Expenses	18,696	10,004
Total Current Assets	<u>304,994</u>	<u>412,071</u>
INVESTMENTS		
Without Donor Restrictions	685,896	783,436
Board Designated	2,434,985	2,341,699
Donor Restricted - Purpose	5,355,152	4,808,024
Donor Restricted - Perpetually Restricted	13,156,578	12,937,755
Total Investments	<u>21,632,611</u>	<u>20,870,914</u>
LONG-TERM PLEDGES RECEIVABLE - NET	<u>105,225</u>	<u>116,225</u>
Total Assets	<u><u>\$ 22,042,830</u></u>	<u><u>\$ 21,399,210</u></u>

See accompanying Notes to Financial Statements.

ANGUS FOUNDATION
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2019 AND 2018

	2019	2018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable - Trade	\$ 63,616	\$ 61,729
Accrued Liabilities	15,113	77,342
Total Current Liabilities	78,729	139,071
LONG-TERM LIABILITIES		
Accrued Post Retirement Benefits	21,300	27,800
Total Liabilities	100,029	166,871
NET ASSETS		
Without Donor Restrictions:		
General Operating	811,858	497,714
Board Designated	2,602,851	2,470,161
Total Without Donor Restrictions	3,414,709	2,967,875
With Donor Restrictions:		
Purpose Restrictions	5,256,742	5,203,203
Perpetual in Nature	13,271,350	13,061,261
Total With Donor Restrictions	18,528,092	18,264,464
Total Net Assets	21,942,801	21,232,339
Total Liabilities and Net Assets	\$ 22,042,830	\$ 21,399,210

ANGUS FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 424,738	\$ 608,199	\$ 1,032,937	\$ 664,882	\$ 921,647	\$ 1,586,529
Royalties	128,785	-	128,785	115,992	-	115,992
Other Revenue	11,900	-	11,900	3,194	-	3,194
Merchandise Sales	71,621	-	71,621	67,178	-	67,178
Net Investment Income	249,016	572,831	821,847	187,521	701,872	889,393
Support Fees	5,400	-	5,400	37,800	-	37,800
	<u>891,460</u>	<u>1,181,030</u>	<u>2,072,490</u>	<u>1,076,567</u>	<u>1,623,519</u>	<u>2,700,086</u>
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	1,371,745	(1,371,745)	-	529,417	(529,417)	-
Total Revenues, Gains, and Other Support	<u>2,263,205</u>	<u>(190,715)</u>	<u>2,072,490</u>	<u>1,605,984</u>	<u>1,094,102</u>	<u>2,700,086</u>
EXPENSES						
Program Services	767,064	-	767,064	877,176	-	877,176
Management and General	550,603	-	550,603	235,114	-	235,114
Fundraising	458,274	-	458,274	531,668	-	531,668
Total Expenses	<u>1,775,941</u>	<u>-</u>	<u>1,775,941</u>	<u>1,643,958</u>	<u>-</u>	<u>1,643,958</u>
Changes in Net Assets before Provision for Post Retirement Benefits and Net Unrealized Gain (Loss) on Investments	487,264	(190,715)	296,549	(37,974)	1,094,102	1,056,128
PROVISION FOR POST RETIREMENT BENEFITS	6,500	-	6,500	(3,800)	-	(3,800)
NET UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>(46,930)</u>	<u>454,343</u>	<u>407,413</u>	<u>63,682</u>	<u>(221,282)</u>	<u>(157,600)</u>
CHANGES IN NET ASSETS	446,834	263,628	710,462	21,908	872,820	894,728
Net Assets - Beginning of Year	<u>2,967,875</u>	<u>18,264,464</u>	<u>21,232,339</u>	<u>2,945,967</u>	<u>17,391,644</u>	<u>20,337,611</u>
NET ASSETS - END OF YEAR	<u>\$ 3,414,709</u>	<u>\$ 18,528,092</u>	<u>\$ 21,942,801</u>	<u>\$ 2,967,875</u>	<u>\$ 18,264,464</u>	<u>\$ 21,232,339</u>

See accompanying Notes to Financial Statements.

ANGUS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019

	Program Events	Support Services		Total Support Services	2019 Total Expenses	2018 Total Expenses
		Management and General	Fundraising			
EXPENSES						
Personnel	\$ -	\$ 128,865	\$ 353,772	\$ 482,637	\$ 482,637	\$ 424,399
Research	126,000	-	-	-	126,000	162,451
Scholarships	286,700	-	-	-	286,700	285,750
Sponsorships	163,703	-	-	-	163,703	137,374
Literature and Newsletters	56,800	27,043	11,651	38,694	95,494	201,796
Awards, Gifts and Prizes	9,145	5,119	1,934	7,053	16,198	9,512
Office, Supplies and Postage	13,468	11,484	931	12,415	25,883	28,414
Insurance, Fees and Taxes	172	16,936	31	16,967	17,139	13,831
Management Fee	-	34,800	-	34,800	34,800	15,000
Occupancy	-	8,100	-	8,100	8,100	6,800
Professional Fees	-	63,516	-	63,516	63,516	44,874
Utilities	-	941	55	996	996	1,749
Conferences, Meeting & Travel	106,545	6,360	79,906	86,266	192,811	303,902
Uncollectible Pledges	-	242,960	-	242,960	242,960	(2,360)
Professional Development	1,385	3,608	1,630	5,238	6,623	1,600
Miscellaneous	3,146	871	8,364	9,235	12,381	8,866
Total Expenses	\$ 767,064	\$ 550,603	\$ 458,274	\$ 1,008,877	\$ 1,775,941	\$ 1,643,958

See accompanying Notes to Financial Statements.

**ANGUS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 710,462	\$ 894,728
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized Gains on Investments	(89,469)	(300,559)
Net Unrealized (Gains) Losses on Investments	(407,413)	157,600
Contributions Restricted for Long-Term Purposes	(263,148)	(354,074)
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivable	1,000	(1,602)
Accounts Receivable - Related Party	190,000	(190,000)
Pledges Receivable - Net	(10,047)	84,819
Inventories	(21,719)	49,156
Prepaid Expenses	(8,692)	956
Accounts Payable - Trade	1,887	(43,156)
Accrued Liabilities and Post Retirement Benefits	(68,729)	54,720
Net Cash Provided by Operating Activities	34,132	352,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	472,104	156,948
Purchases of Investments	(736,919)	(1,075,770)
Net Cash Used by Investing Activities	(264,815)	(918,822)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Investment in Endowments	263,148	354,074
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,465	(212,160)
Cash and Cash Equivalents - Beginning of Year	32,420	244,580
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 64,885	\$ 32,420

See accompanying Notes to Financial Statements.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Angus Foundation (the Foundation) is a nonprofit organization incorporated in the state of Illinois in 1980. The Foundation's principal activities are to secure, manage, and steward charitable gifts for the purpose of cultivating and fostering the advancement of education, youth, and research activities related to the Angus breed and the agricultural industry.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates incorporated into the Foundation's financial statements include: the allocation factors used to allocate costs among the various programs and supporting services of the Foundation; the estimated timing and collectibility applicable to pledges receivable and accounts receivable; the required liability for post retirement benefits; and the estimated final distribution of an estate. Actual results could differ from those estimates.

Net Assets

Financial statement presentation follows the recommendations of Financial Accounting Standards Board ASC 958-205, *Financial Statements of Not-for-profit Organizations*. Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets designated to be used for program related activities through quasi-endowments for future need.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents generally include cash on hand and liquid investments with banks, mutual funds, certificates of deposit, and money market accounts with an initial maturity date of three months or less. Certain cash equivalents are considered to be an integral part of the Foundation's investment program and are, accordingly, recognized as a component of investments on the statements of financial position.

Contributions

Contributions, including promises to give, are recorded when they become unconditional.

All contributions are considered to be available for without donor restricted use unless specifically restricted by the donor or by law. Conditional promises are recorded when the donor's conditions are met. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as net assets with donor restrictions.

Pledges and Accounts Receivable

Pledges receivable represents unconditional promises to give that are due within 1 to 3 years. Pledges receivable are stated at the pledged amount, with the exception of long-term promises to give which are discounted to reflect their present value. Management has also established a valuation allowance that reflects management's best estimate of amounts that may not be collected.

Accounts receivable relate to products and services, and are generally due within 30 days of the invoice date. As the receivables tend to be small and are generally collectible, no valuation allowance is deemed by management to be necessary.

Inventories

Inventories consist primarily of promotional, educational, and support items. Inventories are stated at the lower of cost or net realizable value with cost being determined on the first-in, first-out (FIFO) basis of accounting.

Investments

Investments include fixed income and equity security mutual funds, certificates of deposit, government securities, and money market accounts. Investments in fixed income and equity mutual funds are carried at fair value with unrealized and realized gains and losses reported as an increase or decrease in the appropriate category of net assets. Certificates of deposits (other than marketable certificates of deposit) and money market accounts are carried at cost, which approximates fair value.

Investment income is reported in the statements of activities as without donor restricted and with donor restricted revenue based upon donor imposed restrictions.

ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post Retirement Benefits

The Foundation provides certain health care benefits for retired employees who meet eligibility requirements. The value for post retirement benefits is determined using the accrual amount based on employee census information and estimates of the actuarial lifespan of potentially eligible individuals, the current year cost of supplemental health insurance, and certain assumptions related to discount rates and expected return on investments.

Income Taxes

The Foundation is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), and is not considered to be a private foundation. Therefore, no income or excise taxes have been provided in the financial statements. The Foundation follows the standard for evaluating uncertain tax positions and has determined no liability should be recorded for uncertain tax positions.

Description of Programs

The Foundation develops, assists, and sponsors educational programs, supports youth programs, and sponsors scientific research on topics related to agriculture.

Functional Allocation of Expenses

The indirect functional costs of providing the various programs and activities of the Foundation have been allocated amongst those programs and activities according to allocation principles believed to be most representative by management of the actual efforts required by those programs. Program expenses include both these allocated costs and the direct costs of providing each program or activity. Management takes into account estimated employee hours spent per category and professional judgement when determining how much of the few allocable indirect costs to allocate to each expense classification.

New Accounting Pronouncement Effective in Future Accounting Period

On May 28, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The standard does not impact the recording of contributions. Since then, the board issued proposed ASU, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The amendments in this update defer the effective date of Update 2014-09 for all entities by one year, making the standard effective for fiscal year ending September 30, 2020. Management will be evaluating the effects of this new standard.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement Effective in Future Accounting Period (Continued)

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. ASU 2018-08 is effective for the fiscal year ending September 30, 2020. Management will be evaluating the effects of this new standard.

In February 2016, FASB issued ASU 2016-02 *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Foundation for the fiscal year ending September 30, 2021. In July 2019, FASB approved a proposal to delay the effective date of ASU 2016-02. If the proposal is formally approved, the effective date would be moved back one year, making it effective for the year ending September 30, 2022. Management will be evaluating the effects of this new standard.

NOTE 2 CHANGES IN ACCOUNTING PRINCIPLE

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958 – Presentation of Financial Statements for Not-for-Profit Entities)*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements according. A statement of functional expenses has not been presented for the year ended September 30, 2018, as the Foundation was not required to present the statement prior to the adoption of ASU 2016-14. Net assets as of October 1, 2017 have been reclassified to conform with the requirements of ASU 2016-14, as follows:

	As Previously Presented	Reclassification	As Reclassified
Unrestricted	\$ 2,945,967	\$ (2,945,967)	\$ -
Temporarily Restricted	4,779,725	(4,779,725)	-
Permanently Restricted	12,611,919	(12,611,919)	-
Without Donor Restriction	-	2,945,967	2,945,967
With Donor Restriction	-	17,391,644	17,391,644
	<u>\$ 20,337,611</u>	<u>\$ -</u>	<u>\$ 20,337,611</u>

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identify the sources and uses of the Foundation's cash and the amount of cash generated or used by operations for the years ended September 30, 2019 and 2018.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 64,885	\$ 32,420
Investments	21,632,611	20,870,914
Accounts Receivable, Net	712	191,712
Pledges Receivable, Net - Current Portion	166,629	145,582
Total Financial Assets	<u>21,864,837</u>	<u>21,240,628</u>
Contractual or Donor Imposed Restrictions:		
Cash Restricted to Specific Uses	(8,388)	(194,052)
Receivables	(23,530)	(208,408)
Donor Restricted Investments	(18,390,949)	(17,745,779)
Total	<u>(18,422,867)</u>	<u>(18,148,239)</u>
Board- Designated Endowment	<u>(2,434,985)</u>	<u>(2,341,699)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,006,985</u>	<u>\$ 750,690</u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated amounts could be made available, if necessary.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, the Foundation uses various valuation approaches within the ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and

Level 2 – Valuations based on quoted prices for similar assets or liabilities, or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classifications in the valuation hierarchy.

Equity and Fixed Income Mutual Funds

Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

Marketable Certificates of Deposit and Government Securities

Valued at last sales price, if listed on a national market or exchange, or if there is no sale and the market is still considered active, at the last transaction price before year-end. In less active markets, the valuation is based on the most recent price of the equivalent quoted yield for such securities. These are classified as Level 2 within the valuation hierarchy.

ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 5 INVESTMENTS

The value of investments at September 30, 2019 consists of the following:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Held at Cost:				
Certificates of Deposit	\$ 24,967	\$ -	\$ -	\$ 24,967
Money Market Accounts	251,388	-	-	251,388
Held at Fair Value:				
Equity Security Mutual Funds	4,987,603	1,201,781	-	6,189,384
Fixed Income Mutual Funds	12,359,356	280,698	-	12,640,054
Marketable Certificates of Deposit	1,982,000	32,722	-	2,014,722
U.S. Government	499,810	12,286	-	512,096
Total Investments	<u>\$ 20,105,124</u>	<u>\$ 1,527,487</u>	<u>\$ -</u>	<u>\$ 21,632,611</u>

The value of investments at September 30, 2018 consists of the following:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Held at Cost:				
Certificates of Deposit	\$ 24,867	\$ -	\$ -	\$ 24,867
Money Market Accounts	53,561	-	-	53,561
Held at Fair Value:				
Equity Security Mutual Funds	4,821,546	1,563,893	-	6,385,439
Fixed Income Mutual Funds	14,850,866	-	443,819	14,407,047
Total Investments	<u>\$ 19,750,840</u>	<u>\$ 1,563,893</u>	<u>\$ 443,819</u>	<u>\$ 20,870,914</u>

Investment returns for the years ended September 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Interest Income	\$ 736,919	\$ 591,239
Net Realized Gains	89,469	300,559
Investment Fees	(4,541)	(2,405)
Net Investment Income	821,847	889,393
Net Unrealized Gains (Losses)	407,413	(157,600)
Total Investment Returns	<u>\$ 1,229,260</u>	<u>\$ 731,793</u>

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 6 PLEDGES RECEIVABLE

Pledges receivable contain the following:

	2019	2018
Total Pledges Receivable	\$ 288,138	\$ 287,131
Less: Allowance for Uncollectible Pledges	16,100	25,140
Less: Unamortized Discount	184	184
Net Pledges Receivable	<u>271,854</u>	<u>261,807</u>
Less: Pledges Receivable, Net - Current Portion	166,629	145,582
Long-Term Pledges Receivable, Net	<u><u>\$ 105,225</u></u>	<u><u>\$ 116,225</u></u>

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 182,729
2021	-
2022	105,409
Total	<u><u>\$ 288,138</u></u>

Interest was imputed at a rate of 5% in discounting long-term pledges receivable.

The Foundation has been informed of multiple donors naming the Angus Foundation as a charitable beneficiary in their revocable wills or trusts. Since these gifts are revocable, they are not reflected within the accompanying financial statements due to their conditional nature.

The Foundation is a beneficiary of an estate that is in the process of liquidating its assets to make a final distribution. Based upon discussion with the executors of the estate, the Foundation has recognized a receivable of \$105,409 at September 30, 2019 and 2018. This amount is subject to change relating to any final earnings or costs discovered or incurred by the estate.

NOTE 7 PENSION AND POST RETIREMENT BENEFIT PLANS

The Foundation sponsors a qualified noncontributory defined contribution plan (the Plan), which covers substantially all full-time eligible employees. Contributions are established by the board of directors (board) and are discretionary. Contributions to the Plan are based upon eligible employee salaries and years of service. During the fiscal years ended 2019 and 2018, the Foundation contributed \$16,653 and \$19,096, respectively, to this Plan.

During the fiscal year ended September 30, 1997, the Plan was amended to include a supplemental savings and retirement plan qualified under Section 401(k) of the IRC. Eligible employees may contribute a percentage of their eligible salary subject to federal statutory limits.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 7 PENSION AND POST RETIREMENT BENEFIT PLANS (CONTINUED)

The Foundation provides supplemental post retirement health care benefits to employees who meet certain years of service requirements. This Plan is not available for employees hired after March 1, 2006. This benefit is to be funded from the general assets of the Foundation as they are incurred. No benefits were paid in 2019 or 2018. The following is information about the benefit obligation and assumptions related to this benefit plan as of September 30:

	<u>2019</u>	<u>2018</u>
Accrued Benefit Obligation:		
Long-Term Liability	<u>\$ 21,300</u>	<u>\$ 27,800</u>
Change in Obligation for Post Retirement Benefits	<u>\$ (6,500)</u>	<u>\$ 3,800</u>
Weighted-Average Assumptions:		
Discount Rate	6%	6%
Expected Return on Plan Assets	8%	8%

NOTE 8 NET ASSETS

Board-designated net assets were available for the following purpose:

	<u>2019</u>	<u>2018</u>
Youth, Research, and Education Programs	<u>\$ 2,602,851</u>	<u>\$ 2,470,161</u>

Net assets were restricted by donors for the following:

	<u>2019</u>	<u>2018</u>
Purpose Restrictions:		
Research	\$ 79,561	\$ 264,888
Youth Programs	825,648	968,793
Education	1,558,729	773,794
Future Operations	<u>2,792,804</u>	<u>3,195,728</u>
Total Purpose Restrictions	5,256,742	5,203,203
Perpetual in Nature:		
Research	63,272	64,432
Youth Programs	2,113,814	2,105,589
Education	<u>11,094,264</u>	<u>10,891,240</u>
Total Perpetual in Nature	<u>13,271,350</u>	<u>13,061,261</u>
Total Net Assets with Donor Restrictions	<u>\$ 18,528,092</u>	<u>\$ 18,264,464</u>

Net assets with donor restrictions that are perpetual in nature consist of endowments, which are invested in perpetuity, the income from which is expendable to support specified programs.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 9 ENDOWMENTS

The Foundation's endowments consist of various funds established to support a variety of scholarships and programs. Its endowments consist of both donor-restricted endowment funds and funds designated by the board to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board has interpreted Missouri's enactment of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. At September 30, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce results similar to the S&P 500 index while assuming a moderate level of investment risk. Due to the specific investment guidelines required by a significant endowment donor, approximately \$11.6 million was invested in fixed income type investments as of September 30, 2019.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 9 ENDOWMENTS (CONTINUED)

Spending Policy

The Foundation has a policy of appropriating a distribution percentage each year of its endowment fund's average balance over the prior three years preceding the fiscal year in which the distribution is budgeted (5% for 2019 and 2018). Because this amount is calculated for a future year, any amount appropriated for the following fiscal years is added to net assets with donor restrictions in the current year.

In establishing this policy, the Foundation considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Foundation expects the current spending policy will allow its endowment to retain the original corpus of the gift.

Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Foundation targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of September 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 13,156,578	\$ 13,156,578
Endowment Earnings	-	2,055,868	2,055,868
Board-Designated Endowment Funds	<u>2,434,985</u>	-	<u>2,434,985</u>
Total Funds	<u>\$ 2,434,985</u>	<u>\$ 15,212,446</u>	<u>\$ 17,647,431</u>

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 9 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the fiscal year ended September 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - Beginning of Year	\$ 2,341,699	\$ 14,275,399	\$ 16,617,098
Investment Return:			
Investment Income	128,534	437,187	565,721
Net Appreciation (Depreciation):			
Board Designated	(33,444)	-	(33,444)
Donor Restricted	-	542,964	542,964
Total	<u>95,090</u>	<u>980,151</u>	<u>1,075,241</u>
Contributions	52,146	219,047	271,193
Appropriation of Endowment Assets for Expenditure	<u>(53,950)</u>	<u>(262,151)</u>	<u>(316,101)</u>
Net Assets - End of Year	<u>\$ 2,434,985</u>	<u>\$ 15,212,446</u>	<u>17,647,431</u>

Endowment net asset composition by type of fund as of September 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 12,937,755	\$ 12,937,755
Endowment Earnings	-	1,337,644	1,337,644
Board-Designated Endowment Funds	<u>2,341,699</u>	-	<u>2,341,699</u>
Total Funds	<u>\$ 2,341,699</u>	<u>\$ 14,275,399</u>	<u>\$ 16,617,098</u>

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 9 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the fiscal year ended September 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - Beginning of Year	\$ 2,066,271	\$ 13,610,311	\$ 15,676,582
Investment Return:			
Investment Income	138,872	468,880	607,752
Net Appreciation (Depreciation):			
Board Designated	48,344	-	48,344
Donor Restricted	-	(272,423)	(272,423)
Total	<u>187,216</u>	<u>196,457</u>	<u>383,673</u>
Contributions	121,212	581,235	702,447
Appropriation of Endowment Assets for Expenditure	<u>(33,000)</u>	<u>(112,604)</u>	<u>(145,604)</u>
Net Assets - End of Year	<u>\$ 2,341,699</u>	<u>\$ 14,275,399</u>	<u>\$ 16,617,098</u>

NOTE 10 RELATED PARTIES

The Foundation paid an affiliated organization \$42,900 and \$40,400 for rent of facilities and equipment, and administrative services, for the years ended September 30, 2019 and 2018, respectively.

The Foundation paid affiliated organizations \$69,260 and \$91,674 for sponsorships of events and shows during the years ended September 30, 2019 and 2018, respectively. Included in accounts payable at September 30, 2019 and 2018 was \$-0- and \$10,325, respectively, due to an affiliated organization.

An affiliated organization contributed \$450,000 and \$662,500 to cover current and future administrative services and donor relations for the years ended September 30, 2019 and 2018, respectively. The affiliated organization also contributed \$-0- and \$250,000 to help fund research during the years ended September 30, 2019 and 2018, respectively.

The same affiliated organization made a conditional pledge for fiscal year 2019 of \$-0- earmarked for 2019 administrative and promotional costs. Due to its conditional nature, this pledge has not been reflected in these financial statements.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 11 FLUCTUATION IN INVESTMENT VALUES

The Foundation's investment portfolio is subject to significant fluctuations in its value. Because the values of individual investments fluctuate with market conditions, the amount of investment gains or losses that the Foundation will recognize in its future financial statements, if any, cannot be determined.

NOTE 12 CONTINGENCIES

The Foundation has approved \$125,000 that has been budgeted for research projects that have yet to be identified. The grants are contingent upon the researchers accepting final agreements and meeting other requirements established by the Foundation. Due to their conditional nature, the financial statements do not reflect a commitment for these grants.

NOTE 13 CONCENTRATIONS

Approximately 54% of the Foundation's contributions during the year ended September 30, 2019 were from two donors. Approximately 55% of the Foundation's contributions during the year ended September 30, 2018 were from two donors.

Approximately 79% of the Foundation's pledges receivable at September 30, 2019 were from three donors. Approximately 76% of the Foundation's pledges receivable at September 30, 2018 were from two donors.

NOTE 14 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 17, 2019, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2019, but prior to October 17, 2019 that provided additional evidence about conditions that existed at September 30, 2019, have been recognized in the 2019 financial statements.

NOTE 15 RECLASSIFICATIONS

Certain reclassifications of prior year amounts have been made to conform to the presentation adopted for 2018 related to Note 2 Changes in Accounting Principle. These reclassifications had no effect on previously reported change in net assets or total net assets.

