

ANGUS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020



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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, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Joseph, Missouri
October 18, 2021

**ANGUS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020**

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 56,653	\$ 90,489
Accounts Receivable	204	160
Accounts Receivable - Related Party	575	1,500
Pledges Receivable, Net - Current Portion	177,360	167,710
Inventories	10,136	18,392
Prepaid Expenses	16,799	13,766
Total Current Assets	261,727	292,017
 INVESTMENTS		
Without Donor Restrictions	990,906	725,573
Board Designated	3,196,786	2,757,563
Donor Restricted - Purpose	7,797,412	6,435,715
Donor Restricted - Perpetually Restricted	13,279,520	13,279,520
Total Investments	25,264,624	23,198,371
Total Assets	\$ 25,526,351	\$ 23,490,388

See accompanying Notes to Financial Statements.

ANGUS FOUNDATION
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable - Trade	\$ 9,737	\$ 4,388
Accounts Payable - Related Party	3,125	28,106
Accrued Liabilities	23,465	21,736
Current Maturities of Notes Payable	-	21,439
Total Current Liabilities	36,327	75,669
LONG-TERM LIABILITIES		
Accrued Postretirement Benefits	24,900	22,800
Notes Payable, Net of Current Portion	-	13,561
Total Long-Term Liabilities	24,900	36,361
Total Liabilities	61,227	112,030
NET ASSETS		
Without Donor Restrictions:		
General Operating	1,298,457	964,440
Board Designated	3,204,412	2,766,771
Total Without Donor Restrictions	4,502,869	3,731,211
With Donor Restrictions:		
Purpose Restrictions	7,561,613	6,261,070
Perpetual in Nature	13,400,642	13,386,077
Total With Donor Restrictions	20,962,255	19,647,147
Total Net Assets	25,465,124	23,378,358
Total Liabilities and Net Assets	\$ 25,526,351	\$ 23,490,388

See accompanying Notes to Financial Statements.

ANGUS FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 444,627	304,389	\$ 749,016	\$ 220,893	\$ 507,893	\$ 728,786
Loan Forgiveness	35,000	-	35,000	-	-	-
Royalties	118,584	-	118,584	113,997	-	113,997
Net Special Event	-	-	-	85,981	10,500	96,481
Merchandise Sales	29,347	-	29,347	44,404	-	44,404
Net Investment Income	367,633	1,344,483	1,712,116	294,054	861,316	1,155,370
	<u>995,191</u>	<u>1,648,872</u>	<u>2,644,063</u>	<u>759,329</u>	<u>1,379,709</u>	<u>2,139,038</u>
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	553,262	(553,262)	-	643,113	(643,113)	-
Total Revenues, Gains, and Other Support	<u>1,548,453</u>	<u>1,095,610</u>	<u>2,644,063</u>	<u>1,402,442</u>	<u>736,596</u>	<u>2,139,038</u>
EXPENSES						
Program Services	583,519	-	583,519	718,942	-	718,942
Management and General	208,051	-	208,051	206,688	-	206,688
Fundraising	242,994	-	242,994	203,547	-	203,547
Total Expenses	<u>1,034,564</u>	<u>-</u>	<u>1,034,564</u>	<u>1,129,177</u>	<u>-</u>	<u>1,129,177</u>
Changes in Net Assets before Provision for Postretirement Benefits and Net Unrealized Gain on Investments	513,889	1,095,610	1,609,499	273,265	736,596	1,009,861
PROVISION FOR POST RETIREMENT BENEFITS	(2,100)	-	(2,100)	(1,500)	-	(1,500)
NET UNREALIZED GAIN ON INVESTMENTS	<u>259,869</u>	<u>219,498</u>	<u>479,367</u>	<u>44,737</u>	<u>382,459</u>	<u>427,196</u>
CHANGES IN NET ASSETS	771,658	1,315,108	2,086,766	316,502	1,119,055	1,435,557
Net Assets - Beginning of Year	<u>3,731,211</u>	<u>19,647,147</u>	<u>23,378,358</u>	<u>3,414,709</u>	<u>18,528,092</u>	<u>21,942,801</u>
NET ASSETS - END OF YEAR	<u>\$ 4,502,869</u>	<u>\$ 20,962,255</u>	<u>\$ 25,465,124</u>	<u>\$ 3,731,211</u>	<u>\$ 19,647,147</u>	<u>\$ 23,378,358</u>

See accompanying Notes to Financial Statements.

ANGUS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

	Program Events	Support Services		Total Support Services	Total Expenses
		Management and General	Fundraising		
EXPENSES					
Personnel	\$ -	\$ 97,140	\$ 91,851	\$ 188,991	\$ 188,991
Research	64,000	-	-	-	64,000
Scholarships	270,000	-	-	-	270,000
Sponsorships	226,040	-	670	670	226,710
Office, Supplies, and Postage	-	22,046	7,053	29,099	29,099
Management Fee	-	34,800	-	34,800	34,800
Occupancy	-	8,100	-	8,100	8,100
Professional Fees	-	33,651	-	33,651	33,651
Conferences, Meeting, and Travel	443	7,443	13,644	21,087	21,530
Promotions and Public Relations	-	1,670	-	1,670	1,670
Production	22,716	727	127,621	128,348	151,064
Miscellaneous	320	2,474	2,155	4,629	4,949
Total Expenses	<u>\$ 583,519</u>	<u>\$ 208,051</u>	<u>\$ 242,994</u>	<u>\$ 451,045</u>	<u>\$ 1,034,564</u>

See accompanying Notes to Financial Statements.

ANGUS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Support Services				Total Expenses
	Program Events	Management and General	Fundraising	Total Support Services	
EXPENSES					
Personnel	\$ -	\$ 96,480	\$ 156,048	\$ 252,528	\$ 252,528
Research	128,750	-	-	-	128,750
Scholarships	334,150	-	-	-	334,150
Sponsorships	207,100	-	2,066	2,066	209,166
Literature and Newsletters	47,842	1,318	7,690	9,008	56,850
Office, Supplies, and Postage	88	11,605	3,685	15,290	15,378
Insurance, Fees, and Taxes	12	16,741	-	16,741	16,753
Management Fee	-	34,800	-	34,800	34,800
Occupancy	-	8,100	-	8,100	8,100
Professional Fees	-	32,643	-	32,643	32,643
Utilities	-	1,501	-	1,501	1,501
Conferences, Meeting, and Travel	-	3,398	147,519	150,917	150,917
Uncollectible Pledges	1,000	-	600	600	1,600
Miscellaneous	-	102	442	544	544
Total Expenses	718,942	206,688	318,050	524,738	1,243,680
Less: Expenses Included with Revenues on the Statement of Activities and Changes in Net Assets	-	-	114,503	114,503	114,503
Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets	\$ 718,942	\$ 206,688	\$ 203,547	\$ 410,235	\$ 1,129,177

See accompanying Notes to Financial Statements.

**AGNUS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,086,766	\$ 1,435,557
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized Gains on Investments	(696,719)	(393,357)
Net Unrealized Gains on Investments	(479,367)	(427,196)
Contributions Restricted for Long-Term Purposes	(23,895)	(133,572)
Loan Forgiveness	(35,000)	-
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(44)	552
Accounts Receivable - Related Party	925	(1,500)
Pledges Receivable - Net	(9,650)	104,144
Inventories	8,256	35,680
Prepaid Expenses	(3,033)	4,930
Accounts Payable - Trade	(19,632)	(31,122)
Accrued Liabilities and Post Retirement Benefits	3,829	8,123
Net Cash Provided by Operating Activities	832,436	602,239
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	152,164	19,360
Purchases of Investments	(1,042,331)	(764,567)
Net Cash Used by Investing Activities	(890,167)	(745,207)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Investment in Endowments	23,895	133,572
Proceeds from Notes Payable	-	35,000
Net Cash Provided by Financing Activities	23,895	168,572
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,836)	25,604
Cash and Cash Equivalents - Beginning of Year	90,489	64,885
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 56,653	\$ 90,489

See accompanying Notes to Financial Statements.

ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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 collectability applicable to pledges receivable and accounts receivable; the required liability for postretirement 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, 2021 AND 2020**

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

Unconditional promises to give are recorded as revenues or gains in the period received and as assets or a decrease of liabilities, depending on the form of the benefits received. Conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, and a right of return or release are no longer present, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

All contributions are considered to be available for the general programs of the Foundation unless specifically restricted by the donor. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, reclassifications are made from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Pledges and Accounts Receivable

Pledges receivable represents unconditional promises to give that are due within one to three 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.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Postretirement Benefits

The Foundation provides certain health care benefits for retired employees who meet eligibility requirements. The value for postretirement 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.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement Effective in Future Accounting Period

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, 2023. Management will be evaluating the effects of this new standard.

NOTE 2 ADOPTION OF NEW ACCOUNTING STANDARDS

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 and did not have a material impact on the Foundation's financial statements.

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, 2021 and 2020.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

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>2021</u>	<u>2020</u>
Cash	\$ 56,653	\$ 90,489
Investments	25,264,624	23,198,371
Accounts Receivable, Net	779	1,660
Pledges Receivable, Net - Current Portion	<u>177,360</u>	<u>167,710</u>
Total Financial Assets	25,499,416	23,458,230
Contractual or Donor-Imposed Restrictions:		
Receivables	(136,909)	(125,409)
Donor Restricted Cash and Investments	<u>(20,825,346)</u>	<u>(19,521,738)</u>
Total	(20,962,255)	(19,647,147)
Board- Designated Endowment	<u>(3,196,786)</u>	<u>(2,757,563)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,340,375</u>	<u>\$ 1,053,520</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, 2021 AND 2020

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, 2021 AND 2020

NOTE 5 INVESTMENTS

The value of investments at September 30, 2021 consists of the following:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Held at Cost:				
Money Market Accounts	\$ 1,310,904	\$ -	\$ -	\$ 1,310,904
Held at Fair Value:				
Equity Security Mutual Funds	5,756,733	2,058,461	-	7,815,194
Fixed Income Mutual Funds	15,262,937	373,278	-	15,636,215
Marketable Certificates of Deposit	500,000	2,311	-	502,311
Total Investments	<u>\$ 22,830,574</u>	<u>\$ 2,434,050</u>	<u>\$ -</u>	<u>\$ 25,264,624</u>

The value of investments at September 30, 2020 consists of the following:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Held at Cost:				
Money Market Accounts	\$ 692,107	\$ -	\$ -	692,107
Held at Fair Value:				
Equity Security Mutual Funds	5,367,092	1,037,715	-	6,404,807
Fixed Income Mutual Funds	13,560,271	894,568	-	14,454,839
Marketable Certificates of Deposit	1,482,000	28,945	-	1,510,945
U. S. Government	142,218	-	6,545	135,673
Total Investments	<u>\$ 21,243,688</u>	<u>\$ 1,961,228</u>	<u>\$ 6,545</u>	<u>\$ 23,198,371</u>

Investment returns for the years ended September 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Interest Income	\$ 1,042,331	\$ 764,574
Net Realized Gains	696,719	393,357
Investment Fees	(26,934)	(2,561)
Net Investment Income	<u>1,712,116</u>	<u>1,155,370</u>
Net Unrealized Gains	479,367	427,196
Total Investment Returns	<u>\$ 2,191,483</u>	<u>\$ 1,582,566</u>

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 6 PLEDGES RECEIVABLE

All pledges are considered current for fiscal years ended 2021 and 2020.

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 and lack of support provided by the donor until the contribution becomes unconditional. The Foundation has estimated the amount of the conditional receivables could approximate \$3,315,000.

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, 2021 and 2020. 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 2021 and 2020, the Foundation contributed \$10,173 and \$11,469, 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.

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 2021 or 2020. The following is information about the benefit obligation and assumptions related to this benefit plan as of September 30:

	<u>2021</u>	<u>2020</u>
Accrued Benefit Obligation:		
Long-Term Liability	<u>\$ 24,900</u>	<u>\$ 22,800</u>
Change in Obligation for Post Retirement Benefits	<u>\$ 2,100</u>	<u>\$ 1,500</u>
Weighted-Average Assumptions:		
Discount Rate	6%	6%
Expected Return on Plan Assets	8%	8%

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 8 NOTES PAYABLE

On April 21, 2020, the Foundation was granted a Paycheck Protection Program (the PPP Loan) note through the U.S. Small Business Administration (SBA) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) signed into federal law on March 29, 2020, facilitated through Commerce Bank, totaling \$35,000 to fund payroll, rent, utilities and interest on mortgages and existing debt. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months, deferred for six months. During the fiscal year ended 2020, these amounts were classified as payable.

The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. On December 21, 2020 the PPP Loan was formally forgiven and the Foundation recognized \$35,000 of grant revenue related to this agreement during the fiscal year ended 2021.

The U.S. Small Business Administration (SBA) may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

NOTE 9 NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Youth, Research, and Education Programs	\$ 3,204,412	\$ 2,766,771

Net assets were restricted by donors for the following:

	<u>2021</u>	<u>2020</u>
Purpose Restrictions:		
Research	\$ 66,504	\$ 50,357
Youth Programs	1,522,653	951,508
Education	2,369,045	2,193,847
Future Operations	3,603,411	3,065,358
Total Purpose Restrictions	<u>7,561,613</u>	<u>6,261,070</u>
Perpetual in Nature:		
Research	63,271	63,272
Youth Programs	2,283,324	2,156,759
Education	11,054,047	11,166,046
Total Perpetual in Nature	<u>13,400,642</u>	<u>13,386,077</u>
Total Net Assets with Donor Restrictions	<u>\$ 20,962,255</u>	<u>\$ 19,647,147</u>

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 9 NET ASSETS (CONTINUED)

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.

NOTE 10 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, 2021 and 2020, 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, 2021.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 10 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 2021 and 2020). 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, 2021:

	<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	\$ -	\$ 13,295,235	\$ 13,295,235
Endowment Earnings	-	3,781,544	3,781,544
Board-Designated Endowment Funds	3,196,786	-	3,196,786
Total Funds	<u>\$ 3,196,786</u>	<u>\$ 17,076,779</u>	<u>\$ 20,273,565</u>

Changes in endowment net assets for the fiscal year ended September 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - Beginning of Year	\$ 2,757,563	\$ 16,340,942	\$ 19,098,505
Investment Return:			
Investment Income	289,320	1,005,150	1,294,470
Net Appreciation:			
Board Designated	213,547	-	213,547
Donor Restricted	-	482	482
Total	<u>502,867</u>	<u>1,005,632</u>	<u>1,508,499</u>
Contributions	36,780	15,132	51,912
Appropriation of Endowment Assets for Expenditure	<u>(100,424)</u>	<u>(284,927)</u>	<u>(385,351)</u>
Net Assets - End of Year	<u>\$ 3,196,786</u>	<u>\$ 17,076,779</u>	<u>\$ 20,273,565</u>

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 10 ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of September 30, 2020:

	<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	\$ -	\$ 13,280,670	\$ 13,280,670
Endowment Earnings	-	3,060,272	3,060,272
Board-Designated Endowment Funds	2,757,563	-	2,757,563
Total Funds	<u>\$ 2,757,563</u>	<u>\$ 16,340,942</u>	<u>\$ 19,098,505</u>

Changes in endowment net assets for the fiscal year ended September 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - Beginning of Year	\$ 2,434,985	\$ 15,414,128	\$ 17,849,113
Investment Return:			
Investment Income	172,979	596,026	769,005
Net Appreciation:			
Board Designated	44,182	-	44,182
Donor Restricted	-	387,093	387,093
Total	<u>217,161</u>	<u>983,119</u>	<u>1,200,280</u>
Contributions	193,267	136,846	330,113
Appropriation of Endowment Assets for Expenditure	<u>(87,850)</u>	<u>(193,151)</u>	<u>(281,001)</u>
Net Assets - End of Year	<u>\$ 2,757,563</u>	<u>\$ 16,340,942</u>	<u>\$ 19,098,505</u>

NOTE 11 RELATED PARTIES

The Foundation paid an affiliated organization \$42,900 for rent of facilities and equipment, and administrative services, for the years ended September 30, 2021 and 2020, respectively.

The Foundation paid affiliated organizations \$171,342 and \$155,556 for sponsorships of events and shows during the years ended September 30, 2021 and 2020, respectively. Included in accounts payable at September 30, 2021 and 2020 was \$3,125 and \$28,106, respectively, due to affiliated organizations. Included in accounts receivable at September 30, 2021 and 2020 was \$575 and \$1,500, respectively, due to affiliated organizations.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 11 RELATED PARTIES (CONTINUED)

An affiliated organization contributed \$270,000 and \$360,000 to cover current and future administrative services and donor relations for the years ended September 30, 2021 and 2020, respectively.

NOTE 12 ECONOMIC RISKS

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 13 CONTINGENCIES

The Foundation has budgeted \$61,500 for research projects. The grants are contingent upon the researchers accepting final agreements and meeting other requirements established by the Foundation. Due to their conditional nature, the consolidated financial statements do not reflect a commitment for these grants.

NOTE 14 CONCENTRATIONS

Approximately 36% of the Foundation's contributions during the year ended September 30, 2021 were from one donor. Approximately 50% of the Foundation's contributions during the year ended September 30, 2020 were from one donor.

Approximately 93% of the Foundation's pledges receivable at September 30, 2021 were from three donors. Approximately 76% of the Foundation's pledges receivable at September 30, 2020 were from three donors.

NOTE 15 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 18, 2021, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2021, but prior to October 18, 2021 that provided additional evidence about conditions that existed at September 30, 2021, have been recognized in the 2021 financial statements.

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