

ANGUS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019



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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, 2020 and 2019, 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, 2020 and 2019, 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. 2018-08, Clarifying *the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Joseph, Missouri
October 14, 2020

**ANGUS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019**

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 90,489	\$ 64,885
Accounts Receivable	160	712
Accounts Receivable - Related Party	1,500	-
Pledges Receivable, Net - Current Portion	167,710	166,629
Inventories	18,392	54,072
Prepaid Expenses	13,766	18,696
Total Current Assets	292,017	304,994
 INVESTMENTS		
Without Donor Restrictions	725,573	685,896
Board Designated	2,757,563	2,434,985
Donor Restricted - Purpose	6,435,715	5,355,152
Donor Restricted - Perpetually Restricted	13,279,520	13,156,578
Total Investments	23,198,371	21,632,611
 LONG-TERM PLEDGES RECEIVABLE - NET		
	-	105,225
Total Assets	\$ 23,490,388	\$ 22,042,830

See accompanying Notes to Financial Statements.

ANGUS FOUNDATION
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2020 AND 2019

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable - Trade	\$ 4,388	\$ 63,616
Accounts Payable - Related Party	28,106	-
Accrued Liabilities	21,736	15,113
Current Maturities of Notes Payable	21,439	-
Total Current Liabilities	75,669	78,729
LONG-TERM LIABILITIES		
Accrued Postretirement Benefits	22,800	21,300
Notes Payable, Net of Current Portion	13,561	-
Total Long-Term Liabilities	36,361	21,300
Total Liabilities	112,030	100,029
NET ASSETS		
Without Donor Restrictions:		
General Operating	964,440	811,858
Board Designated	2,766,771	2,602,851
Total Without Donor Restrictions	3,731,211	3,414,709
With Donor Restrictions:		
Purpose Restrictions	6,261,070	5,256,742
Perpetual in Nature	13,386,077	13,271,350
Total With Donor Restrictions	19,647,147	18,528,092
Total Net Assets	23,378,358	21,942,801
Total Liabilities and Net Assets	\$ 23,490,388	\$ 22,042,830

See accompanying Notes to Financial Statements.

ANGUS FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 220,893	\$ 507,893	\$ 728,786	\$ 424,738	\$ 608,199	\$ 1,032,937
Royalties	113,997	-	113,997	128,785	-	128,785
Net Special Event	85,981	10,500	96,481	-	-	-
Other Revenue	-	-	-	11,900	-	11,900
Merchandise Sales	44,404	-	44,404	71,621	-	71,621
Net Investment Income	294,054	861,316	1,155,370	249,016	572,831	821,847
Support Fees	-	-	-	5,400	-	5,400
	<u>759,329</u>	<u>1,379,709</u>	<u>2,139,038</u>	<u>891,460</u>	<u>1,181,030</u>	<u>2,072,490</u>
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	643,113	(643,113)	-	1,371,745	(1,371,745)	-
Total Revenues, Gains, and Other Support	<u>1,402,442</u>	<u>736,596</u>	<u>2,139,038</u>	<u>2,263,205</u>	<u>(190,715)</u>	<u>2,072,490</u>
EXPENSES						
Program Services	718,942	-	718,942	767,064	-	767,064
Management and General	206,688	-	206,688	550,603	-	550,603
Fundraising	203,547	-	203,547	458,274	-	458,274
Total Expenses	<u>1,129,177</u>	<u>-</u>	<u>1,129,177</u>	<u>1,775,941</u>	<u>-</u>	<u>1,775,941</u>
Changes in Net Assets before Provision for Postretirement Benefits and Net Unrealized Gain (Loss) on Investments	273,265	736,596	1,009,861	487,264	(190,715)	296,549
PROVISION FOR POST RETIREMENT BENEFITS	(1,500)	-	(1,500)	6,500	-	6,500
NET UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>44,737</u>	<u>382,459</u>	<u>427,196</u>	<u>(46,930)</u>	<u>454,343</u>	<u>407,413</u>
CHANGES IN NET ASSETS	316,502	1,119,055	1,435,557	446,834	263,628	710,462
Net Assets - Beginning 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>
NET ASSETS - END 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>

See accompanying Notes to Financial Statements.

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

	Program Events	Support Services		Total Support Services	Total Expenses
		Management and General	Fundraising		
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	<u>718,942</u>	<u>206,688</u>	<u>318,050</u>	<u>524,738</u>	<u>1,243,680</u>
Less: Expenses Included with Revenues on the Statement of Activities and Changes in Net Assets	<u>-</u>	<u>-</u>	<u>114,503</u>	<u>114,503</u>	<u>114,503</u>
Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets	<u>\$ 718,942</u>	<u>\$ 206,688</u>	<u>\$ 203,547</u>	<u>\$ 410,235</u>	<u>\$ 1,129,177</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	Total Expenses
		Management and General	Fundraising		
EXPENSES					
Personnel	\$ -	\$ 128,865	\$ 353,772	\$ 482,637	\$ 482,637
Research	126,000	-	-	-	126,000
Scholarships	286,700	-	-	-	286,700
Sponsorships	163,703	-	-	-	163,703
Literature and Newsletters	56,800	27,043	11,651	38,694	95,494
Awards, Gifts, and Prizes	9,145	5,119	1,934	7,053	16,198
Office, Supplies, and Postage	13,468	11,484	931	12,415	25,883
Insurance, Fees, and Taxes	172	16,936	31	16,967	17,139
Management Fee	-	34,800	-	34,800	34,800
Occupancy	-	8,100	-	8,100	8,100
Professional Fees	-	63,516	-	63,516	63,516
Utilities	-	941	55	996	996
Conferences, Meeting, and Travel	106,545	6,360	79,906	86,266	192,811
Uncollectible Pledges	-	242,960	-	242,960	242,960
Professional Development	1,385	3,608	1,630	5,238	6,623
Miscellaneous	3,146	871	8,364	9,235	12,381
Total Expenses	<u>\$ 767,064</u>	<u>\$ 550,603</u>	<u>\$ 458,274</u>	<u>\$ 1,008,877</u>	<u>\$ 1,775,941</u>

See accompanying Notes to Financial Statements.

**ANGUS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 1,435,557	\$ 710,462
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized Gains on Investments	(393,357)	(89,469)
Net Unrealized Gains on Investments	(427,196)	(407,413)
Contributions Restricted for Long-Term Purposes	(133,572)	(263,148)
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivable	552	1,000
Accounts Receivable - Related Party	(1,500)	190,000
Pledges Receivable - Net	104,144	(10,047)
Inventories	35,680	(21,719)
Prepaid Expenses	4,930	(8,692)
Accounts Payable - Trade	(31,122)	1,887
Accrued Liabilities and Post Retirement Benefits	8,123	(68,729)
Net Cash Provided by Operating Activities	602,239	34,132
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	19,360	472,104
Purchases of Investments	(764,567)	(736,919)
Net Cash Used by Investing Activities	(745,207)	(264,815)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Investment in Endowments	133,572	263,148
Proceeds from Notes Payable	35,000	-
Net Cash Provided by Financing Activities	168,572	263,148
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,604	32,465
Cash and Cash Equivalents - Beginning of Year	64,885	32,420
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 90,489	\$ 64,885

See accompanying Notes to Financial Statements.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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, 2020 AND 2019**

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, 2020 AND 2019**

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, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*. The amendments in this update defer, for one year, the required effective date of Topic 606 for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Topic 606. As the Company had not issued their financial statements as of the date of this ASU, they elected to defer and adopt the guidance for Topic 606 for annual reporting periods beginning after September 30, 2021.

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

NOTE 2 ADOPTION OF NEW ACCOUNTING STANDARDS

In 2020, the Foundation adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The ASU is effective for contributions received in 2020. The Foundation will adopt the changes from the ASU for grants awarded to grantees prospectively in 2021. There is no material impact on the financial statements, as such, there have been no related reclassifications on previously presented change in net assets or total net assets.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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, 2020 and 2019.

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>2020</u>	<u>2019</u>
Cash	\$ 90,489	\$ 64,885
Investments	23,198,371	21,632,611
Accounts Receivable, Net	1,660	712
Pledges Receivable, Net - Current Portion	<u>167,710</u>	<u>166,629</u>
Total Financial Assets	23,458,230	21,864,837
Contractual or Donor-Imposed Restrictions:		
Receivables	(125,409)	(23,530)
Donor Restricted Cash and Investments	<u>(19,521,738)</u>	<u>(18,399,337)</u>
Total	(19,647,147)	(18,422,867)
Board- Designated Endowment	<u>(2,757,563)</u>	<u>(2,434,985)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,053,520</u>	<u>\$ 1,006,985</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, 2020 AND 2019**

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, 2020 AND 2019

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of assets measured on a recurring basis, as of September 30, are as follows:

	2020			
	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Equity Securities:				
Mutual Funds:				
Large Cap Equity	\$ 4,431,235	\$ 4,431,235	\$ -	\$ -
Mid Cap Equity	491,758	491,758	-	-
Small Cap Equity	259,694	259,694	-	-
International	1,222,118	1,222,118	-	-
Fixed Income:				
Mutual Funds:				
Short-Term	578,732	578,732	-	-
Corporate	13,876,109	13,876,109	-	-
Marketable Certificates of Deposit	1,510,944	-	1,510,944	-
U.S. Government	135,674	-	135,674	-
Total Assets	<u>\$ 22,506,264</u>	<u>\$ 20,859,646</u>	<u>\$ 1,646,618</u>	<u>\$ -</u>
	2019			
	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Equity Securities:				
Mutual Funds:				
Large Cap Equity	\$ 4,808,340	\$ 4,808,340	\$ -	\$ -
Mid Cap Equity	147,926	147,926	-	-
Small Cap Equity	101,948	101,948	-	-
International	511,579	511,579	-	-
World	619,591	619,591	-	-
Fixed Income:				
Mutual Funds:				
Corporate	12,189,823	12,189,823	-	-
World	450,231	450,231	-	-
Marketable Certificates of Deposit	2,014,722	-	2,014,722	-
U. S. Government	512,096	-	512,096	-
Total Assets	<u>\$ 21,356,256</u>	<u>\$ 18,829,438</u>	<u>\$ 2,526,818</u>	<u>\$ -</u>

ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 5 INVESTMENTS

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

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
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>\$ 1,954,683</u>	<u>\$ -</u>	<u>\$ 23,198,371</u>

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

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
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>

Investment returns for the years ended September 30, 2020 and 2019 consist of the following:

	2020	2019
Interest Income	\$ 764,574	\$ 736,919
Net Realized Gains	393,357	89,469
Investment Fees	(2,561)	(4,541)
Net Investment Income	1,155,370	821,847
Net Unrealized Gains	427,196	407,413
Total Investment Returns	<u>\$ 1,582,566</u>	<u>\$ 1,229,260</u>

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 6 PLEDGES RECEIVABLE

Pledges receivable contain the following:

	2020	2019
Total Pledges Receivable	\$ 167,710	\$ 288,138
Less: Allowance for Uncollectible Pledges	-	16,100
Less: Unamortized Discount	-	184
Net Pledges Receivable	167,710	271,854
Less: Pledges Receivable, Net - Current Portion	167,710	166,629
Long-Term Pledges Receivable, Net	\$ -	\$ 105,225
<u>Year Ending September 30,</u>		
2020	\$ 167,710	
Total	\$ 167,710	

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 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, 2020 and 2019. 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 2020 and 2019, the Foundation contributed \$11,469 and \$16,653, 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, 2020 AND 2019

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 2020 or 2019. The following is information about the benefit obligation and assumptions related to this benefit plan as of September 30:

	2020	2019
Accrued Benefit Obligation:		
Long-Term Liability	\$ 22,800	\$ 21,300
Change in Obligation for Post Retirement Benefits	\$ 1,500	\$ (6,500)
Weighted-Average Assumptions:		
Discount Rate	6%	6%
Expected Return on Plan Assets	8%	8%

NOTE 8 NOTES PAYABLE

On April 21, 2020, the Foundation was granted a Paycheck Protection Program (the “PPP Loan”) note through the 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. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loans are not forgiven, the Foundation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in February 2022, principal and interest payments will be required through the maturity.

At September 30, 2020, the future principal payments under the note are as follows:

Year Ending September 30,	Amount
2021	\$ 21,439
2022	13,561
Total	\$ 35,000

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 9 NET ASSETS

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

	<u>2020</u>	<u>2019</u>
Youth, Research, and Education Programs	<u>\$ 2,766,771</u>	<u>\$ 2,602,851</u>

Net assets were restricted by donors for the following:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions:		
Research	\$ 50,357	\$ 79,561
Youth Programs	951,508	825,648
Education	2,193,847	1,558,729
Future Operations	<u>3,065,358</u>	<u>2,792,804</u>
Total Purpose Restrictions	6,261,070	5,256,742
Perpetual in Nature:		
Research	63,272	63,272
Youth Programs	2,156,759	2,113,814
Education	<u>11,166,046</u>	<u>11,094,264</u>
Total Perpetual in Nature	<u>13,386,077</u>	<u>13,271,350</u>
Total Net Assets with Donor Restrictions	<u>\$ 19,647,147</u>	<u>\$ 18,528,092</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.

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.

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 10 ENDOWMENTS (CONTINUED)

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, 2020 and 2019, 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 \$12.2 million was invested in fixed income type investments as of September 30, 2020.

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 2020 and 2019). 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.

ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 10 ENDOWMENTS (CONTINUED)

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

	Without Donor Restrictions	With Donor Restrictions	Total
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:

	Without Donor Restrictions	With Donor Restrictions	Total
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>

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

	Without Donor Restrictions	With Donor Restrictions	Total
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	-	2,257,550	2,257,550
Board-Designated Endowment Funds	2,434,985	-	2,434,985
Total Funds	<u>\$ 2,434,985</u>	<u>\$ 15,414,128</u>	<u>\$ 17,849,113</u>

**ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 10 ENDOWMENTS (CONTINUED)

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

	Without Donor Restrictions	With Donor Restrictions	Total
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	420,729	472,875
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>\$ 15,414,128</u>	<u>\$ 17,849,113</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, 2020 and 2019, respectively.

The Foundation paid affiliated organizations \$155,556 and \$69,260 for sponsorships of events and shows during the years ended September 30, 2020 and 2019, respectively. Included in accounts payable at September 30, 2020 and 2019 was \$28,106 and \$-0-, respectively, due to affiliated organizations. Included in accounts receivable at September 30, 2020 and 2019 was \$1,500 and \$-0-, respectively, due to affiliated organizations.

An affiliated organization contributed \$360,000 and \$450,000 to cover current and future administrative services and donor relations for the years ended September 30, 2020 and 2019, 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.

ANGUS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 12 ECONOMIC RISKS (CONTINUED)

During fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results, including a negative impact on earnings. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing subsequent to year-end.

NOTE 13 CONTINGENCIES

The Foundation has approved \$120,500 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 14 CONCENTRATIONS

Approximately 50% of the Foundation's contributions during the year ended September 30, 2020 were from one donor. Approximately 54% of the Foundation's contributions during the year ended September 30, 2019 were from two donors.

Approximately 76% of the Foundation's pledges receivable at September 30, 2020 were from three donors. Approximately 79% of the Foundation's pledges receivable at September 30, 2019 were from two donors.

NOTE 15 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 14, 2020, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2020, but prior to October 14, 2020 that provided additional evidence about conditions that existed at September 30, 2020, have been recognized in the 2020 financial statements.

NOTE 16 RECLASSIFICATIONS

Certain reclassifications of prior year amounts have been made to conform to the presentation adopted for the 2020 financial statements. These reclassifications had no effect on previously reported change in net assets or total net assets.

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