

**FLORIDA 4-H CLUB FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2019 AND 2018**

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
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**MARCH 31, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Audit and Finance Committee,  
Florida 4-H Club Foundation, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Florida 4-H Club Foundation, Inc. (the Foundation), a direct-support organization and component unit of the University of Florida, as of and for the years ended March 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Foundation's 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of March 31, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

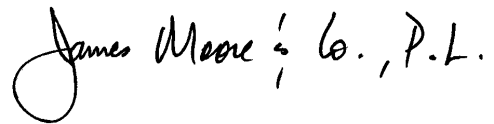
### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial "J" and a period at the end.

Gainesville, Florida  
June 26, 2019

**FLORIDA 4-H CLUB FOUNDATION, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2019 AND 2018**

The Florida 4-H Club Foundation, Inc.'s (the Foundation) discussion and analysis is designed to assist the reader in focusing on an overview of financial activities, identify changes in the financial position, identify any material deviations from the financial plan, and identify issues and concerns. Since the Management Discussion and Analysis is intended to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements attached.

Incorporated in 1963, the Foundation is a tax-exempt non-profit foundation approved under Section 501(c)(3) of the Internal Revenue Code 170(b) (1). The Foundation is governed by a Board of Directors comprised of volunteer members and appointed University administration. Designated a Direct Support Organization, the Foundation is operated according to State University System rules, pursuant to Florida Statutes § 1004.24. It maintains a separate not-for-profit status and is authorized to receive, hold, invest, and administer property and make expenditures benefiting the University of Florida's 4-H Youth Development Program. The Foundation relies on contributions from the public and serves as fiscal agent for the Florida 4-H program activities. The Foundation manages funds for three residential camps and many state-level educational programs, competitive events, and recognition functions.

The Foundation's Mission: We build upon county 4-H programs by developing and managing financial resources supporting educational and public awareness activities for Florida 4-H youth.

The Foundation's Vision: Promote the development of Florida's youth and tomorrow's citizens through the basic principles of citizenship and achievement by providing programs designed to instill a sound understanding of the balance between life value, agriculture and the environment.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of a series of financial statements:

- The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Foundation and present a longer-term view of the Foundation's financial position.
- The Statement of Cash Flows provides information regarding net cash from and used in 4-H programs and activities.

## **FINANCIAL ANALYSIS**

Operating revenues were \$1,284,894 for the fiscal year ending March 31, 2019, \$1,252,731 for the fiscal year ending March 31, 2018, and \$1,209,776 for the fiscal year ending March 31, 2017, generating an operating loss of (\$273,096), (\$186,451) and (\$468,625) respectively. Net cash flows from operations were (\$244,791), (\$250,030) and (\$401,761) respectively.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2019 AND 2018**  
(Continued)

The following select information was derived from the Foundation's complete set of financial statements. It is presented to support management's analysis of the financial position and the results of operations that follow this information.

**The Foundation's Net Position**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Assets	\$ 3,372,789	\$ 3,318,311	\$ 3,061,700
Total Liabilities	\$ 63,230	\$ 52,630	\$ 96,347
Net position			
Unrestricted	2,912,700	2,860,599	2,526,533
Restricted expendable	396,859	405,082	438,820
Total liabilities and net position	<u>\$ 3,372,789</u>	<u>\$ 3,318,311</u>	<u>\$ 3,061,700</u>

**The Foundation's Operations**

Operating revenue			
Contributions	\$ 173,709	\$ 167,037	\$ 95,658
Other operating income	1,111,185	1,085,694	1,114,118
Total operating revenues	<u>1,284,894</u>	<u>1,252,731</u>	<u>1,209,776</u>
Non-operating revenues (expenses)	<u>118,644</u>	<u>286,966</u>	<u>360,519</u>
Total revenues	<u>1,403,538</u>	<u>1,539,697</u>	<u>1,570,295</u>
Operating expenses			
4-H camping	747,744	679,761	857,574
4-H programs	700,929	633,195	638,679
Scholarships	21,600	8,400	13,750
Management and general	79,719	108,367	160,158
Donor stewardship/cultivation	7,998	9,460	8,240
Total operating expenses	<u>1,557,990</u>	<u>1,439,183</u>	<u>1,678,401</u>
Excess (deficiency)	<u>(154,452)</u>	<u>100,515</u>	<u>(108,106)</u>
Net transfers	<u>198,330</u>	<u>199,813</u>	<u>51,159</u>
Net changes	<u>43,878</u>	<u>300,328</u>	<u>(56,947)</u>
Beginning net position	<u>3,265,681</u>	<u>2,965,353</u>	<u>3,022,300</u>
Ending net position	<u>\$ 3,309,559</u>	<u>\$ 3,265,681</u>	<u>\$ 2,965,353</u>

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2019 AND 2018**  
(Continued)

There are several areas that have changed and are note-worthy from 2018 to 2019. The following will explain these changes:

- Operating Revenues increased due to modest raise in registration fees for both camps and other 4-H programs.
- Non-Operating Revenues decreased due to investments fluctuating from market volatility.
- Operating Expenses - increased due to inflation. Increase of expenses superseded efforts of cost recovery through price increase in registration fees.

There are several areas that have changed significantly or note-worthy from 2017 to 2018. The following will explain these changes:

- Net Position - Unrestricted increased due to a reorganization in management and staff with a concentrated effort for less spending due to budgetary constraints, as well as an increase effort in attaining more Contributions.
- Operating Expenses - decreased due to a concentrated effort for less spending, specifically in 4-H Camping, Public Relations and Marine Ecology.
- Net Transfers In – increased due to endowment funds being transferred to the University of Florida Foundation in prior year.

#### **HOW THE FOUNDATION IMPACTS THE 4-H PROGRAM**

The Foundation is a Direct Support Organization to the University of Florida, with the sole purpose of supporting the statewide UF/IFAS Extension 4-H Youth Development Program through its fundraising efforts and fiscal agent responsibilities.

The directors of the Foundation serve three key roles in carrying out its mission:

1. Directors have a fiduciary responsibility to carry out the Foundation's mission and provide diligent stewardship of its assets.
2. Directors are responsible for the growth of the Foundation's assets through fundraising efforts and the development of resources to support Florida 4-H.
3. Directors are informed and positive advocates of the 4-H Foundation and the UF/IFAS Extension 4-H Youth Development Program it supports.

#### **CONTACTING THE FOUNDATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Foundation's Board of Directors, creditors, and the Board of Trustees of the University of Florida with a general overview of the Foundation's finances. If you have questions regarding this report or need additional information, please contact the Foundation's Office at (352) 294-2913.

**FLORIDA 4-H CLUB FOUNDATION, INC.  
STATEMENTS OF NET POSITION  
MARCH 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 661,390	\$ 173,874
Investments	2,533,096	2,949,659
Funds held with the University of Florida	111,098	109,868
Prepaid expenses	13,603	16,167
Accounts receivable	29,142	49,791
Inventory	24,460	18,952
<b>Total assets</b>	<b>\$ 3,372,789</b>	<b>\$ 3,318,311</b>
<b><u>LIABILITIES AND NET POSITION</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 61,225	\$ 51,745
Deposits	2,005	885
Total current liabilities	63,230	52,630
<b>Net position</b>		
Unrestricted	2,912,700	2,860,599
Restricted: Expendable	396,859	405,082
<b>Total liabilities and net position</b>	<b>\$ 3,372,789</b>	<b>\$ 3,318,311</b>

The accompanying notes to the financial statements  
are an integral part of these statements.



**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>Operating revenue</b>		
Contributions	\$ 173,709	\$ 167,037
Registration fees	1,058,106	1,016,952
Canteen	23,963	28,682
Other operating revenue	29,116	40,060
Total operating revenue	<u>1,284,894</u>	<u>1,252,731</u>
<b>Operating expenses</b>		
Program expenses:		
Food and beverage	196,994	180,376
Salary and related expenses	416,747	404,804
Insurance	14,727	9,941
General program expenses	448,441	299,862
Canteen	10,481	16,788
General and administrative	39,732	40,081
Repairs and maintenance	64,554	79,437
Office supplies	7,785	7,476
Awards	58,979	44,509
Scholarships	21,600	8,400
Consulting/Judging	16,700	36,187
Travel	106,324	82,173
Donations	67,209	111,321
Management and general:		
Salary and related expenses	-	42,016
Insurance	160	160
Meetings and seminar expenses	32,767	16,088
General and administrative	11,679	22,093
Office supplies	4,099	1,031
Fundraising	8,260	8,671
Donor stewardship	7,998	9,460
Auditing and accounting	18,650	17,375
Repairs and maintenance	351	328
Travel	3,753	605
Total operating expenses	<u>1,557,990</u>	<u>1,439,182</u>
<b>Operating loss</b>	<u>(273,096)</u>	<u>(186,451)</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**  
(Continued)

	<b>2019</b>	<b>2018</b>
<b>Nonoperating revenue</b>		
Investment income	\$ 118,644	\$ 286,966
Transfers from University of Florida Foundation	198,330	199,813
Total nonoperating revenue	316,974	486,779
<b>Change in net position</b>	43,878	300,328
<b>Net position</b> , beginning of year	3,265,681	2,965,353
<b>Net position</b> , end of year	\$ 3,309,559	\$ 3,265,681

The accompanying notes to the financial statements  
are an integral part of these statements.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Contributions received	\$ 173,709	\$ 167,037
Cash received from registration fees	1,079,875	1,015,153
Cash received from canteen	23,963	28,682
Payments to vendors	(1,149,138)	(1,035,545)
Payments for salaries and benefits	(402,316)	(465,322)
Other revenue	29,116	39,965
Net cash used in operating activities	(244,791)	(250,030)
<b>Cash flows from investing activities</b>		
Transfers from University of Florida Foundation	259,924	211,053
Transfers to University of Florida Foundation	(61,594)	(11,240)
Interest and dividend income received	201,616	140,668
Investment fees paid	(21,877)	(20,891)
Purchases of securities	(492,826)	(298,972)
Proceeds from sale of securities	847,064	189,365
Net cash provided by investing activities	732,307	209,983
<b>Net increase (decrease) in cash and cash equivalents</b>	487,516	(40,047)
<b>Cash and cash equivalents, beginning of year</b>	173,874	213,921
<b>Cash and cash equivalents, end of year</b>	\$ 661,390	\$ 173,874
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (273,096)	\$ (186,451)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Accounts receivable	20,649	(420)
Prepaid expenses	2,564	(16,167)
Inventory	(5,508)	(3,275)
Accounts payable	9,480	(42,243)
Camp deposits	1,120	(1,379)
Other	-	(95)
<b>Net cash used in operating activities</b>	\$ (244,791)	\$ (250,030)

The accompanying notes to the financial statements  
are an integral part of these statements.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of the Florida 4-H Club Foundation, Inc. (the Foundation), which affect the accompanying basic financial statements:

(a) **Reporting entity**—The Foundation is a direct-support organization as provided for in Section 1004.28, Florida Statutes, and is considered a component unit of the University of Florida (The University). The Foundation was incorporated in 1963 as a not-for-profit organization in the State of Florida. Its primary goal is to promote the educational objectives of the State 4-H program, which is a component of the Florida Cooperative Extension Service at the University of Florida.

(b) **Basis of accounting**—The Foundation's financial statements are prepared on the accrual basis of accounting in which transactions are recognized when they occur, regardless of related cash flows. These financial statements are entirely those of the Foundation alone and, accordingly, are not intended to present the financial position or the results of operations of the University of Florida. The Foundation was determined to be "governmental" under guidance provided by the Governmental Accounting Standards Board (GASB) Statement No. 29. The accounting policies of the Foundation conform to generally accepted accounting policies for governmental entities and follows standards established by GASB. All activities of the Foundation are accounted for in a single major enterprise fund, which uses the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

(c) **Fund accounting**—The accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into funds established for various purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group as follows: unrestricted, restricted expendable, and restricted nonexpendable.

Net position restricted by outside sources is so indicated and is distinguished from unrestricted funds. Externally restricted net position may only be utilized in accordance with the purposes established by the source of such funds. In contrast, the Governing Board retains full control to use unrestricted funds (including those designated for specific purposes by that Governing Board) to achieve the purposes of the Foundation.

When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) **Classification of revenues**—The Foundation classifies its revenues as operating or nonoperating according to the following criteria:

- (i) Operating revenues—include contributions and activities that have characteristics of exchange transactions, such as registration fees for youth development camps, animal service events and 4-H youth leadership events, canteen revenue and sponsorships.
- (ii) Nonoperating revenues—include activities that have characteristics of nonexchange transactions, such as investment income and contributions to permanent endowments.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

- (e) **Net position**—The Foundation’s net position is classified as follows:
- (i) **Unrestricted**—Unrestricted net position represents resources derived from unrestricted contributions, registration fees and canteen revenue. These resources are used for transactions relating to the general operation of the Foundation, they are not restricted by outside sources and may be used at the discretion of the Governing Board to meet current expenses for any purpose.
  - (ii) **Restricted Expendable**—Restricted expendable net position includes resources in which the Foundation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. These amounts include the unexpended amounts of the restricted contributions, subsequent income earned on restricted contributions and unexpended income earned on endowment accounts.
  - (iii) **Restricted Nonexpendable**—Restricted nonexpendable net position consists of endowments in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future expendable income.
- (f) **Donated services**—The Foundation occupies office space at the University of Florida and is assisted by employees of the University of Florida. No value for such services is recorded in the accompanying financial statements.
- (g) **Funds held with the University of Florida**—Funds held with the University of Florida represent balances held with the University. These funds are available for immediate withdrawal.
- (h) **Accounts receivable**—Accounts receivable are recorded stated at the amount management expects to collect from balances at year-end. Based on management’s assessment of the credit history with organizations and individuals having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. The Foundation has no policy requiring collateral or other security to support its accounts receivable.
- (i) **Investments and fair value measurements**—In general, investments are reported at fair value. The Foundation categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.
- (j) **Inventories**—Inventories consist of food and supplies used for the camps operated by the Foundation and merchandise sold in its gift shops. Inventories are carried at cost using the first-in, first-out (FIFO) method.
- (k) **Capital assets**—All capital assets are owned by the University of Florida and recorded by the University of Florida Plant Fund. The Foundation does not include capital assets on their statement of net position and the costs of additions incurred by the Foundation are expensed as incurred.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Income taxes**—The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state income taxes under the *Florida Not-for-Profit Corporation Act*. In addition, the Internal Revenue Service has determined that the Foundation is not a private foundation under Section 509(a)(1). Federal and state income taxes are paid only on unrelated trade or business net income, if any. No federal or state income taxes were paid during the years ended March 31, 2019 and 2018. The Foundation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

If applicable, the Foundation would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

(m) **Revenue recognition**—Revenues from general sources are recognized as services are provided or as contract and grant funds are earned. Restricted revenues are recognized only to the extent that they are expended in accordance with donor or grantor restrictions. Any restricted revenues which have been received, but not expended, are shown as unearned revenue in the liability section of the accompanying statement of net position.

(n) **Accounting estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 and expenses during the reported period. Actual results could differ from those estimates.

(o) **Pronouncements issued**—GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions in GASB 84 are effective for fiscal years beginning after December 15, 2018. Management has not currently determined what, if any, impact implementation of this pronouncement will have on the Foundation's financial statements.

GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 seeks to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The provisions in GASB 87 are effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the effect that Statement No. 87 will have on the Foundation's financial statements.

(p) **Reclassification**—Restricted investments in the 2018 financial statements have been reclassified to current investments, as the investments themselves are not restricted though they can be used to satisfy restricted net position. The reclassifications had no effect on 2018 net income or net position for the Foundation.

(2) **Cash and Cash Equivalents:**

Cash represents cash in checking and money market accounts with original maturities of less than three months, which are held in banks that qualify as public depositories pursuant to Chapter 280, Florida Statutes. The carrying amount of all cash deposits at March 31, 2019 and 2018 was \$661,390 and \$173,874, respectively, and the related bank balance was \$157,186 and \$206,517, respectively.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

(2) **Cash and Cash Equivalents:** (Continued)

Under Chapter 280, Florida Statutes, every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral for the depository. The State Treasurer, by rule, shall establish minimum required collateral pledging levels and shall notify each qualified public depository of its required pledging level. Each qualified public depository shall calculate the amount of its required collateral based upon certain formulas. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

(3) **Investments:**

**Investments** – The Foundation’s investment policy describes the types of investments that it is authorized to purchase. The goal of the Foundation’s investment program is set forth in the investment policy as approved by the Foundation’s Board of Directors and Finance Committee. The objective is to provide a steady growing income stream to support the Foundation’s mission while providing sufficient reinvestment to protect the endowment from inflation. The Foundation is authorized to invest in Money Market Funds, U.S. Intermediate Term Taxable Bonds, Non-U.S. Bonds, Total U.S. Equities Market, U.S. Large Cap Value, U.S. Small Cap Value, Non-U.S. Large Stocks - Developed Countries, Non-U.S. Small Stocks - Developed Countries, Foreign Equities - Emerging Market, Real Estate Securities, and Real Estate Investment Trusts.

<u>Investment Type</u>	<u>Fair Value March 31, 2019</u>	<u>Fair Value March 31, 2018</u>
Domestic Bonds	\$ 135,179	\$ 138,624
Domestic Equities	438,541	404,046
International Equities	139,318	146,637
Mutual and Exchange Traded Funds	1,820,058	2,260,352
Total	<u>\$ 2,533,096</u>	<u>\$ 2,949,659</u>

**Interest rate risk**—Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Foundation’s investment policy does not have a formal limit on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Foundation’s exposure to interest rate risk is as follows:

<u>Investment Type</u>	<u>Investment Maturity (Years)</u>	<u>Fair Value March 31, 2019</u>	<u>Fair Value March 31, 2018</u>
US Government & Federal Obligations	More than 10	\$ 2,006	\$ 2,447
Bonds and Notes	More than 10	39,553	40,184

**Concentration of credit risk**—At March 31, 2019 and 2018, more than five percent of the Foundation’s investments were held in the following fund: Small Cap World Fund Class A. Such concentrations are permitted by the Foundation’s investment policy.

**FLORIDA 4-H CLUB FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

(3) **Investments:** (Continued)

**Credit quality risk**—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below summarizes the ratings of the Foundation’s debt instruments using the S&P, a nationally recognized statistical rating organization. The Foundation’s investment policy does not have a formal limit on investment choices by credit rating. The Foundation’s exposure to credit quality risk is as follows:

<u>Investment Type</u>	<u>Quality Rating S&amp;P</u>	<u>Fair Value March 31, 2019</u>	<u>Fair Value March 31, 2018</u>
Bonds and Notes	AAA	\$ 10,243	\$ 10,059
Bonds and Notes	BBB	9,450	990
Bonds and Notes	BBB-	30,244	9,725
Bonds and Notes	Unrated	83,237	10,500
US Government & Federal Obligations	Unrated	2,006	107,350

**Foreign currency risk**—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Foundation’s investment policy does not have a formal limit on foreign currency denominated investments. The Foundation’s exposure to foreign currency risk is as follows:

<u>Investment Type</u>	<u>Currency Type</u>	<u>Fair Value March 31, 2019</u>	<u>Fair Value March 31, 2018</u>
Common Stock	Various	\$ 139,318	\$ 146,637
Mutual and Exchange Traded Funds	Various	420,393	607,215

**Investments – University of Florida Foundation**—The total amount of endowment assets held by the University of Florida Foundation for the benefit of the Foundation that has not been included in the accompanying financial statements as of March 31, 2019 and 2018, was \$5,218,550 and \$5,153,340, respectively.

(4) **Fair Value Measurements:**

The Foundation categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Foundation has the following recurring fair value measurements as of March 31, 2019 and 2018:

- (a) *Mutual and Exchange Traded Funds* – Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission and deemed to be actively traded.
- (b) *Funds held with the University of Florida* – Funds held with the University are valued at the Foundation’s ownership of a share of an investment pool, not the underlying securities. The Foundation relies on policies developed and administered by the University for managing interest rate risk or credit risk for these investment pools.



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(4) **Fair Value Measurements:** (Continued)

The following table summarizes the assets and liabilities of the Foundation for which fair values are determined on a recurring basis as of March 31, 2019:

<b>Description</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Fair Value</b>
Equity mutual funds				
Domestic equity funds	\$ 438,541	\$ -	\$ -	\$ 438,541
International equity funds	139,318	-	-	139,318
Total equity mutual funds	577,859	-	-	577,859
Domestic bond mutual funds	135,179	-	-	135,179
Mutual and exchange traded funds	1,820,058	-	-	1,820,058
Funds held with the University of Florida	-	-	111,098	111,098
Total investments and funds held with the University of Florida at fair value	<u>\$ 2,533,096</u>	<u>\$ -</u>	<u>\$ 111,098</u>	<u>\$ 2,644,194</u>

The following table summarizes the assets and liabilities of the Foundation for which fair values are determined on a recurring basis as of March 31, 2018:

<b>Description</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Fair Value</b>
Equity mutual funds				
Domestic equity funds	\$ 404,046	\$ -	\$ -	\$ 404,046
International equity funds	146,637	-	-	146,637
Total equity mutual funds	550,683	-	-	550,683
Domestic bond mutual funds	138,624	-	-	138,624
Mutual and exchange traded funds	2,260,352	-	-	2,260,352
Funds held with the University of Florida	-	-	109,868	109,868
Total investments and funds held with the University of Florida at fair value	<u>\$ 2,949,659</u>	<u>\$ -</u>	<u>\$ 109,868</u>	<u>\$ 3,059,527</u>

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(5) **Risk Management:**

The Foundation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Foundation carries commercial insurance through various commercial insurance carriers. Insurance against losses are provided for the following types of risk:

General Liability  
Real and Personal Property Damage  
Employee Dishonesty Coverage

(6) **Related Party Transactions:**

During the year ended March 31, 2019, the Foundation received \$259,924 in endowment income from and transferred \$61,594 for investing to the University of Florida Foundation. Additionally, the Foundation has an agreement with the University of Florida whereby the University pays for certain salary and benefits for personnel that support Foundation Youth Programs. During the year ended March 31, 2019, the Foundation paid \$416,747 to the University for salary and benefits reported in the statement of revenues, expenses and changes in net position.

During the year ended March 31, 2018, the Foundation received \$211,053 in endowment income from and transferred \$11,240 for investing to the University of Florida Foundation. Additionally, the Foundation has an agreement with the University of Florida whereby the University pays for certain salary and benefits for personnel that support Foundation Youth Programs. During the year ended March 31, 2018, the Foundation paid \$446,819 to the University for salary and benefits reported in the statement of revenues, expenses and changes in net position. The University paid \$19,000 to the Foundation for employee travel reported as other income in the statement of revenues, expenses and changes in net position.

(7) **Subsequent Events:**

The Foundation evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 26, 2019, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**INDEPENDANT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Audit and Finance Committee,  
Florida 4-H Club Foundation, Inc.  
Gainesville, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida 4-H Club Foundation, Inc. (the Foundation) as of and for the year ended March 31, 2019, and the related notes to the financial statements and have issued our report thereon dated June 26, 2019.

***Internal Control Over Financial Reporting***

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

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

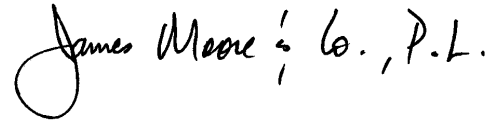
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under the *Government Auditing Standards*.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, circular initial "J" at the beginning.

Gainesville, Florida  
June 26, 2019