National 4-H Council and Controlled Affiliates

Consolidated Financial Statements
Year Ended June 30, 2025

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

National 4-H Council and Controlled Affiliates

Consolidated Financial Statements
Year Ended June 30, 2025

National 4-H Council and Controlled Affiliates

Contents

Independent Auditor's Report 3-4

Consolidated Financial Statements

Consolidated Statement of Financial Position 5

Consolidated Statement of Activities 6

Consolidated Statement of Functional Expenses 7

Consolidated Statement of Cash Flows 8

Notes to Consolidated Financial Statements 9-28

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Independent Auditor's Report

The Board of Trustees
National 4-H Council and Controlled Affiliates
Washington, D.C.

Opinion

We have audited the consolidated financial statements of **National 4-H Council and Controlled Affiliates** ("Council"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of **National 4-H Council and Controlled Affiliates** as of June 30, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, P.C.

December 8, 2025

Consolidated Financial Statements

National 4-H Council and Controlled Affiliates

Consolidated Statement of Financial Position

June 30,	2025
Assets	
Cash and cash equivalents	$ 6,600,059
Investments	106,626,351
Accounts and other receivable	385,051
Contributions receivable	14,772,397
Merchandise inventories, net	1,291,976
Other assets	846,732
Property and equipment, net	3,354,776
Right-of-use asset - leases	7,191,529
Total assets	$ 141,068,871
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	$ 5,712,231
Deferred revenue and other liabilities	201,673
Agency funds	203,609
Unfunded pension liability	221,106
Lease obligation	11,424,874
Accrued postretirement benefit liability	2,143,704
Total liabilities	19,907,197
Net assets	
Without donor restriction	76,313,428
With donor restriction	44,848,246
Total net assets	121,161,674
Total liabilities and net assets	$ 141,068,871

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Activities

Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating			
Revenue			
Contributions received from the public	$ 2,367,738	$ 36,013,043	$ 38,380,781
Federal grant revenue	1,137,933	-	1,137,933
Registration fees and tuition	2,519,083	-	2,519,083
National 4-H Supply Service	4,019,182	-	4,019,182
Other	8,419	-	8,419
Net assets released from restrictions	23,968,012	(23,968,012)	-
Total revenue	34,020,367	12,045,031	46,065,398
Expenses			
Program services			
Scaling PYD	9,386,090	-	9,386,090
Educator experiences	8,291,597	-	8,291,597
National PYD events & youth experiences	7,074,085	-	7,074,085
Other programs	5,367,646	-	5,367,646
Total program services	30,119,418	-	30,119,418
Supporting services			
Management and general	8,846,514	-	8,846,514
Fundraising	7,825,327	-	7,825,327
Total supporting services	16,671,841	-	16,671,841
Total operating expenses	46,791,259	-	46,791,259
Change in net assets from operating activities	(12,770,892)	12,045,031	(725,861)
Nonoperating activity			
Contributions	-	300,000	300,000
Investment return, net	9,533,022	234,774	9,767,796
Net periodic postretirement benefit cost other than service cost	49,313	-	49,313
Net periodic pension benefit cost other than service cost	(131,811)	-	(131,811)
Postretirement related changes other than net periodic postretirement costs	76,065	-	76,065
Pension related changes other than net periodic pension costs	371,539	-	371,539
Change in net assets from nonoperating activities	9,898,128	534,774	10,432,902
Change in net assets	(2,872,764)	12,579,805	9,707,041
Net assets, beginning of year	79,186,192	32,268,441	111,454,633
Net assets, end of year	$ 76,313,428	$ 44,848,246	$ 121,161,674

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Functional Expenses

Year ended June 30, 2025

	Program Services					Supporting Services			
	Scaling PYD	Educator Experiences	National PYD Events & Youth Experiences	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries, taxes, and benefits	$ 646,460	$ 3,011,067	$ 1,115,356	$ 2,229,201	$ 7,002,084	$ 6,014,230	$ 5,334,278	$ 11,348,508	$ 18,350,592
Awards, scholarships, and grants	7,236,866	85,723	8,625	228,655	7,559,869	-	-	-	7,559,869
Convening expense	49,515	21,854	5,423,848	694,698	6,189,915	207,546	132,422	339,968	6,529,883
Contracted services	1,114,231	1,503,711	144,123	1,161,895	3,923,960	1,349,599	820,819	2,170,418	6,094,378
Resources and office	225,188	992,325	151,448	650,261	2,019,222	1,039,914	1,090,045	2,129,959	4,149,181
Cost of goods sold	53,445	2,373,409	55,895	13,030	2,495,779	5,633	12,790	18,423	2,514,202
Travel	44,123	108,707	123,376	178,441	454,647	207,789	385,396	593,185	1,047,832
Public relations and promotion	16,262	194,801	51,414	211,465	473,942	21,803	49,577	71,380	545,322
Total operating expenses	$ 9,386,090	$ 8,291,597	$ 7,074,085	$ 5,367,646	$ 30,119,418	$ 8,846,514	$ 7,825,327	$ 16,671,841	$ 46,791,259

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Cash Flows

Year ended June 30, 2025

Cash Flows from Operating Activities	
Change in net assets	**$ 9,707,041**
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	**956,513**
Loss on disposal of property and equipment	**45,898**
Non-cash lease expense	**386,473**
Discount for contributions receivable	**437,694**
Write off of obsolete inventory	**31,241**
Net unrealized and realized gains on investments	**(6,952,774)**
(Increase) decrease in assets	
Accounts and other receivable	**531,111**
Contributions receivable	**247,815**
Merchandise inventories	**(8,097)**
Other assets	**16,678**
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	**1,260,723**
Deferred revenue and other liabilities	**(457,574)**
Agency funds	**(152,710)**
Unfunded pension liability	**(440,728)**
Lease obligation	**210,009**
Accrued postretirement benefit liability	**(86,224)**
Net cash provided by operating activities	**5,733,089**
Cash Flows from Investing Activities	
Purchases of property and equipment	**(476,988)**
Purchases of investments	**(121,829,998)**
Proceeds from sales of investments	**117,316,012**
Net cash used in investing activities	**(4,990,974)**
Increase in cash and cash equivalents	**742,115**
Cash and cash equivalents, beginning of year	**5,857,944**
Cash and cash equivalents, end of year	**$ 6,600,059**

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Accounting Policies

Organization Purpose

National 4-H Council is an Ohio not-for-profit corporation that utilizes private and government resources in its efforts to advance the 4-H youth development movement to build a world in which youth and adults learn, grow, and work together as catalysts for positive change. The 4-H program is the youth education program of the Cooperative Extension System of the State Land-Grant Universities and the U.S. Department of Agriculture.

National 4-H Activities Foundation (Activities Foundation) is an Ohio not-for-profit corporation that is a 501(c)(3) controlled affiliate of National 4-H Council. Activities Foundation was established in July 2000 to service the accounting and legal needs of nationally operated 4-H initiatives.

National 4-H Congress Foundation (Congress Foundation) is an Ohio not-for-profit corporation that is a 501(c)(3) controlled affiliate of National 4-H Council. Congress Foundation was established in May 2011 to operate and provide assistance with the operations of National 4-H Congress.

Global Clover Network, Inc. (formerly National 4-H Foundation for Innovation, Inc.) is an Ohio not-for-profit corporation that is a 501(c)(3) controlled affiliate of National 4-H Council. Global Clover Network, Inc. was established in 2014 to increase investment and participation in high-quality 4-H positive youth development (PYD) globally.

Principles of Consolidation

The consolidated financial statements include the accounts of National 4-H Council, Activities Foundation, Congress Foundation, and Global Clover Network, Inc. (collectively referred to as Council). All significant transactions between the organizations, including all inter-organization balances, have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of Council have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates included in these consolidated financial statements include the retirement plan obligation and the postretirement plan obligation. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of operating cash accounts and highly liquid, short-term instruments with original maturities of three months or less. However, Council considers all cash equivalents, such as money market funds held in brokerage accounts, to be investments.

Investments

Investments consist of cash held as part of the investment portfolio and marketable securities that are carried at readily determinable fair values. Investment returns are included in the consolidated statement of activities.

Financial Instruments and Credit Risk

Financial instruments that potentially subject Council to concentrations of credit risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalent balances are maintained at high-credit quality financial institutions, and, at times, balances may exceed federally insured limits. As of June 30, 2025, Council had approximately $6,000,000 that exceeded the Federal Deposit Insurance Corporation limit. Council has not experienced any losses with respect to these balances. Investment securities are exposed to risks, such as interest rate, market volatility, and credit fluctuations. It is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the fair value of investments reported in the consolidated statement of financial position. Investments are diversified across different asset classes whose performance is monitored by management and the Investment Subcommittee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the current investment policies and guidelines are prudent for the long-term welfare of Council.

Accounts and Other Receivable

Accounts and other receivable typically consist primarily of amounts due from the federal government under agreements with various federal agencies. The estimated allowance for credit losses is based upon the aging of outstanding balances, prior years' experience with the customer, and management's analysis of subsequent collections. Accounts and other receivable are written off if reasonable collection efforts prove unsuccessful. Management considers all accounts and other receivable to be fully collectible; therefore, no allowance for credit losses has been established.

Contributions Receivable

Contributions, which include unconditional promises to give, are recognized as revenue in the year received and recorded at their net realizable value. Management considers all promises to give to be fully collectible; therefore, no allowance for doubtful accounts has been established. Management elected to not record a discount on contributions receivable as of June 30, 2025 as the amount was immaterial.

Merchandise Inventories

Inventory, consisting of National Supply Service merchandise and educational aids, is stated at the lower of cost or net realizable value. Inventory is valued using the standard cost method of inventory valuation.

Property and Equipment

Property and equipment are recorded at cost, or if donated, such assets are capitalized at the estimated fair market value at the date of receipt. Council capitalizes all expenditures for property and equipment over $15,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 15 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any remaining gain or loss is recorded. Repairs and maintenance are charged to expense when incurred.

Council reports gifts of property and equipment as support without donor restrictions.

Impairment of Long-Lived Assets

Council reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the consolidated statement of activities, to its current fair value.

Deferred Revenue and Other Liabilities

Deferred revenue consists primarily of fees received in advance for programs and events to be held in the following fiscal year. Other liabilities consist primarily of post-retirement obligations to certain highly compensated employees under 457 plans.

Agency Funds

Council holds certain funds on behalf of independent organizations with related purposes for which it acts in an administrative capacity. These agency funds are included as liabilities in the accompanying consolidated statement of financial position. The cash receipts and disbursements are recorded as net increases or decreases to the agency funds balance and are not included as revenue or expense in Council's consolidated statement of activities, as they are not received or expended for the benefit of Council.

Leases

Leases arise from contractual obligations that convey the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. At the inception of the contract, Council determines if an arrangement contains a lease based on whether there is an identified asset and whether Council controls the use of the identified asset. Council also determines whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents Council's right to use an underlying asset and a lease liability represents Council's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement.

Council's lease terms may include options to extend or terminate the lease. Council generally uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that Council will exercise those options. Council's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a matter of policy, Council elected to exclude leases with terms of 12 months or less (short-term) from the consolidated statement of financial position. Short-term lease expense is recognized on a straight-line basis over the expected term of the lease.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operations. Board-designated net assets consist of net assets without donor restrictions designated by the Board for a specific use.

Net Assets With Donor Restrictions

Net assets with donor restrictions result from contributions and other inflows of assets, the use of which by the organization is limited by donor-imposed time or purpose restrictions that are either temporary or permanent.

When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions Received from the Public

Council recognizes unconditional promises to give as contributions receivable and contribution revenue in the year in which Council is notified by the donor of the underlying commitment.

Council reports donor-restricted contributions as increases in net assets with donor restrictions. When a restriction expires or is otherwise satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Federal Grant Revenue

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

All federal grants were considered conditional contributions for the year ended June 30, 2025.

Council had approximately $8,400,000 in unrecognized conditional contributions related to federal awards as of June 30, 2025. The revenue related to these awards is conditioned on incurring allowable expenditures in accordance with the terms of the respective agreements.

Registration Fees and Tuition

Registration fees and tuition revenue represents amounts paid by participants of national PYD events and academies offered by Council. Fees are recognized as revenue on the date of the program.

National 4-H Supply Service

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

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and services benefited. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Council. Those expenses include depreciation, insurance, technology costs, and occupancy costs. All of these expenses are included in resources and office on the consolidated statement of functional expenses. Council allocates expenses based on the proportion of compensation expense directly attributed to the function.

Measure of Operations

Council reports as part of operations all activities except for the following: investment activity, pension and postretirement activity other than service cost, any endowment contributions, and other items, if any, which are unusual or nonrecurring in nature.

Recent Accounting Pronouncements Issued but Not Yet Adopted

In July 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The amendments in this ASU provide the following: (1) Practical expedient. In developing reasonable and supportable forecasts as part of estimating expected credit losses, all entities may elect a practical expedient that assumes that current conditions as of the consolidated statement of financial position date do not change for the remaining life of the asset. (2). Accounting policy election. An entity other than a public business entity that elects the practical expedient is permitted to make an accounting policy election to consider collection activity after the consolidated statement of financial position date when estimating expected credit losses.

The amendments are expected to provide decision-useful information to financial statement users while reducing the time and effort necessary to analyze and estimate credit losses for current accounts receivable and current contract assets. This update is effective for annual reporting periods beginning after December 15, 2025 (Council's fiscal year 2027). Early adoption is permitted.

Management is currently evaluating the impact this guidance will have on Council's consolidated financial statements.

2. Tax Status

National 4-H Council has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The IRS has also determined that National 4-H Council is not a private foundation. National 4-H Council is required to report unrelated business income to the IRS and the District of Columbia. National 4-H Council had no sources of unrelated business income for the year ended June 30, 2025.

Activities Foundation has been granted exemption by the IRS from federal income taxes under Section 501(c)(3) of the IRC. The IRS has also determined that Activities Foundation is not a private foundation. Activities Foundation is required to report unrelated business income to the IRS and the District of Columbia. Activities Foundation had no sources of unrelated business income for the year ended June 30, 2025.

Congress Foundation has been granted exemption by the IRS from federal income taxes under Section 501(c)(3) of the IRC. The IRS has also determined that Congress Foundation is not a private foundation. Congress Foundation is required to report unrelated business income to the IRS and the District of Columbia. Congress Foundation had no sources of unrelated business income for the year ended June 30, 2025.

Global Clover Network, Inc. has been granted exemption by the IRS from federal income taxes under Section 501(c)(3) of the IRC. The IRS has also determined that Global Clover Network, Inc. is not a private foundation. Global Clover Network, Inc. is required to report unrelated business income to the IRS and the District of Columbia. Global Clover Network, Inc. had no sources of unrelated business income for the year ended June 30, 2025.

Council follows the provisions of FASB Accounting Standards Codification (ASC) 740, *Income Taxes*. Under FASB ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. Council does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

Council has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, Council has filed IRS Form 990 and Form 990-T tax returns, as required, and all other applicable returns in jurisdictions where it is required. Council believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years prior to 2021. For the year ended June 30, 2025, no interest or penalties were recorded or included in the consolidated statement of activities related to uncertain tax positions.

3. Liquidity and Availability of Resources

Council's financial assets available within one year of the consolidated statement of financial position date for general expenditure without donor or other restrictions limiting their use are as follows at:

June 30,		2025
Cash and cash equivalents	$	6,600,059
Accounts and other receivable		385,051
Contributions receivable		14,772,397
Investments		106,626,351
Total financial assets available		128,383,858
Less: Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with purpose or time restrictions		(44,848,246)
Agency funds		(203,609)
Less: Amounts unavailable to management without Board's approval:		
Board-designated net assets		(6,487,706)
Total financial assets available to management for general expenditure within one year	$	76,844,297

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

4. Accounts and Other Receivable

Accounts and other receivable consist of the following at:

June 30,		2025
Federal awards	$	227,973
National 4-H Supply Service customers		156,604
Other		474
Accounts and other receivable	$	385,051

5. Contributions Receivable

Contributions receivable are due as follows:

June 30,		2025
Amounts due in:		
Less than one year	$	13,017,647
One to five years		1,754,750
Contributions receivable	$	14,772,397

6. Investments and Fair Value Measurements

FASB ASC 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 Inputs: Valuations are based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuations are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active—that is, markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Valuations are based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input, therefore, reflects Council's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Equity Funds

Equity funds primarily consist of holdings of shares in mutual funds and exchange-traded funds (ETFs) that invest in publicly traded domestic and international securities and are valued at the last quoted sales price on the respective public exchange as of the valuation date.

Fixed-Income

These investments consist of corporate, mortgage, and asset-backed bonds, mutual funds, and ETFs that are invested in the securities listed above. The mutual funds and ETFs are valued at the last quoted sales price on the respective public exchange as of the valuation date. The bonds holdings are valued using prices supplied by independent pricing services, which determine prices using models or matrix pricing based on observable inputs, such as benchmark yields, reported trades, broker/dealer quotes, and other relevant market data.

Investment Composition

The operating reserve fund includes certain restricted operating amounts and other unrestricted funds that can satisfy at least a year of operating expenses. The primary objective of the operating reserve fund is to maintain a relatively stable balance of funds, within the normal operating cashflows of the organization, while maximizing yield within risk parameters.

The long-term fund is comprised of donor restricted funds, endowments, board-designated funds, and other unrestricted funds. The primary objective of the long-term fund is to generate returns that grow the assets to last in perpetuity to further Council's movement.

The following table sets forth Council's investment assets at fair value, by level, as of June 30, 2025:

	Investment Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Operating Reserve Fund:				
Equity funds:				
Domestic	$ 2,789,563	$ -	$ -	$ 2,789,563
International developed	1,076,744	-	-	1,076,744
Emerging markets	56,898	-	-	56,898
Fixed income	4,675,335	4,907,061	-	9,582,396
Cash and cash equivalents	846,221	-	-	846,221
Total operating reserve fund	9,444,761	4,907,061	-	14,351,822
Long-Term Fund:				
Equity funds:				
Domestic large cap	39,270,313	-	-	39,270,313
International large cap	8,665,194	-	-	8,665,194
EAFE	6,976,966	-	-	6,976,966
Emerging markets	5,628,662	-	-	5,628,662
Fixed income	20,492,449	9,605,895	-	30,098,344
Cash and cash equivalents	1,635,050	-	-	1,635,050
Total long-term fund	82,668,634	9,605,895	-	92,274,529
Total investments at fair value	$ 92,113,395	$ 14,512,956	$ -	$ 106,626,351

7. Property and Equipment

Property and equipment consist of the following at:

June 30,		2025
Tenant improvements	$	2,118,638
Software		2,411,030
Furniture and equipment		610,940
Construction in progress		293,975
		5,434,583
Less accumulated depreciation		(2,079,807)
Property and equipment, net	$	3,354,776

Depreciation expense for the year ended June 30, 2025 was $956,513.

8. Deferred Revenue and Other Liabilities

Deferred revenue and other liabilities consist of the following at:

June 30,		2025
Supply orders not yet fulfilled	$	56,844
457(b) liability		143,683
Other liabilities		1,146
Deferred revenue and other liabilities	$	201,673

9. Leases

Council analyzes contracts at inception to determine whether an agreement includes a lease, which conveys the right to control the use of an identified asset for a period of time in exchange for consideration. During the year ended February 28, 2023, Council implemented FASB ASU 842 *Leases*, under which guidance for all active contracts were assessed for inclusion of a lease. For each lease, a right-of-use asset and related lease liability were recorded on the accompanying consolidated statement of financial position, consisting of the net present value of all consideration under the agreement. A risk-free rate of 3.13% was used to discount the asset and liability.

On August 17, 2022, Council entered into a 15-year office lease for 15,072 square feet in Washington, D.C. While the agreement contains an option to renew for a 5-year period and an option to terminate during the 12th year for a sum of approximately $1.5 million, Council has deemed neither reasonably certain to be exercised and both have been excluded from the calculation. The lease contains a 2-year deferral of lease payments. The related right-of-use asset and operating liability are offset by a lease incentive of $2,260,950 to customize the Washington, D.C. office space.

In 1993, Council entered into a 13-year lease for 9,900 square feet of warehouse space in Wood Dale, Illinois. In June 2023, Council entered into a fourth amendment to the lease agreement, for a five-year period ending August 31, 2028.

Council has elected the practical expedient to not separate lease and non-lease components for purposes of accounting for leases, and instead to account for both as a single lease component. Variable payments for incremental operating expenses and taxes will be expensed in the year incurred. Operating lease costs for both leases totaling $821,184 have been reflected as part of resources and office expense on the consolidated statement of functional expenses for the year ended June 30, 2025.

The components of lease expense are as follows:

Weighted-average remaining lease term:	
Operating leases	**12 years**
Weighted-average discount rate:	
Operating leases	**3.24%**

The future lease payments are as follows:

Years ending June 30,	
2026	$ 996,842
2027	1,022,832
2028	1,049,544
2029	1,006,722
2030	1,018,030
Thereafter	8,904,827
	13,998,797
Less: imputed interest	(2,573,923)
Total operating lease liabilities	$ 11,424,874

10. Net Assets with Donor Restrictions

Net assets that are perpetual in nature consist of investments and are subject to donor-imposed stipulations that they be retained and invested permanently by Council. The donors require Council to use all or part of the investment return on these net assets for specified or unspecified purposes.

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

June 30,		**2025**
Subject to Council's endowment spending policy and appropriation:		
Investment in perpetuity - Endowment	**$**	**535,397**
Subject to expenditures for specific purposes:		
Education program activities		**41,481,085**
Endowment		**2,831,764**
Total net assets with donor restrictions	**$**	**44,848,246**

During the year ended June 30, 2025, net assets were released from donor restrictions by incurring expenses satisfying the education program activities restricted purpose of $23,968,012.

11. Endowment

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

Endowment Net Asset Composition

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

June 30, 2025	**Net Assets Without Donor Restrictions**	**Net Assets With Donor Restrictions**	**Total**
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	**$ -**	**$ 535,397**	**$ 535,397**
Accumulated investment gains	**-**	**270,769**	**270,769**
Accumulated earnings	**-**	**2,560,995**	**2,560,995**
Board-designated quasi-endowment funds	**6,487,706**	**-**	**6,487,706**
Total	**$ 6,487,706**	**$ 3,367,161**	**$ 9,854,867**

Changes in Endowment Net Assets

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

June 30, 2025	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of the year	$ 6,198,550	$ 2,832,388	$ 9,030,938
Investment return, net	289,156	234,773	523,929
Contributions	-	300,000	300,000
Endowment net assets, end of the year	$ 6,487,706	$ 3,367,161	$ 9,854,867

Return Objectives and Risk Parameters

By policy, Council's investments are maintained in a balanced investment program. The primary objective is to provide maximum growth consistent with a policy of prudent investment and protection of assets. Growth will be attained through appreciation of assets, inclusion of additional funds when available, and from retention of earnings of the fund.

Under this policy, the invested assets achieve a long-term growth rate, which will surpass the long-run rate of inflation for a blended benchmark, whichever is greater according to the certain performance standards. Real growth will be measured by combining security price appreciation with earned income for a total return review and subsequently comparing this figure to the Consumer Price Index.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In order to protect the endowments against losses and to ensure relative stability in its annual earnings, the spending policy determines how much of the total return will be distributed to support programs. The spending policy aims to achieve a reasonable degree of stability and predictability in income available for current operations. The spending rule allows Council management to spend up to 5% of the average of the prior three years' beginning fiscal year restricted endowment market value, for programmatic purposes, regardless of the current year's market performance or earnings in the form of dividends, interest, or capital appreciation/depreciation. The spending policy will be reviewed periodically to determine its impact on the investment portfolio and organizational net assets.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires Council to retain as a fund of perpetual duration. There were no endowment funds with deficiencies as of June 30, 2025.

12. Employee Retirement Plans and Postretirement Benefit Plan

Employee Retirement Plan

Council has a noncontributory, defined benefit pension plan (the Retirement Plan) that provides benefits for most of Council's employees upon attaining the age of 20 and one-half and completing at least 1,000 hours of service during their first year of employment or any subsequent plan year. The Retirement Plan was frozen effective June 30, 2009 and no additional benefits were earned by participants after that date. This plan freeze resulted in a curtailment accounting under FASB ASC 715, *Compensation – Retirement Benefits*. However, the gain, or reduction, in the projected benefit obligation (PBO) due to the freeze was less than the unrecognized net loss. Therefore, there is no immediate effect of the curtailment that needs to be recognized in the consolidated statement of activities. Rather, this reduction in PBO is recognized as a reduction in the unrecognized net loss on the Retirement Plan's statement of net assets available for benefits.

Council makes annual contributions to the Retirement Plan equal to the minimum funding standards of ERISA and accrues pension expense based upon actuarial cost methods. Contributions are intended to provide not only for benefits attributed to service prior to the plan being frozen but also those expected to be earned in the future. Council is expected to contribute $213,622 during the 2026 fiscal year.

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

Year ended June 30,		**2025**
Benefit obligation, beginning of year	**$**	**(12,297,062)**
Interest cost		**(640,934)**
Actuarial gain		**13,710**
Benefits paid		**1,078,681**
Benefit obligation, end of year	**$**	**(11,845,605)**
Change in plan assets:		
Fair value of plan assets, beginning of year	**$**	**11,635,228**
Actual return on plan assets		**866,952**
Employer contributions		**201,000**
Benefits paid		**(1,078,681)**
Fair value of plan assets, end of year	**$**	**11,624,499**
Funded status – in liabilities	**$**	**(221,106)**

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

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

Year ended June 30,	2025
Actuarial loss	$ 3,605,986

Components of net periodic benefit cost recognized in the accompanying consolidated statement of activities as nonoperating are as follows:

Year ended June 30,	2025
Interest cost	$ 640,934
Expected gain on plan assets	(840,186)
Amortization of actuarial loss	331,063
Net periodic benefit cost	$ 131,811

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

Year ended June 30,	2025
Amount reclassified to net periodic benefit cost	$ (331,063)
Gain arising during the year	(40,476)
Total	$ (371,539)

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

June 30,	2025	%
Equity mutual funds and ETFs	$ 7,217,249	62%
Fixed-income mutual funds and ETFs	4,150,091	36%
Cash	161,076	1%
Group annuity contract	96,083	1%
Total plan assets	$ 11,624,499	100%

Council utilizes a target allocation of 50%-70% of the portfolio to be invested in equities with up to 30% of that to be invested in international equities. The fixed-income target is 30%-50% of the total portfolio. Actual allocations may differ from target allocations from time to time due to economic conditions. Council's investment policy statement allows for discretion between upper and lower ranges.

The plan follows the same fair value measurement methods as Council (see Note 6). There have been no changes in the methodologies during the year ended June 30, 2025.

The group annuity contract, consisting of an immediate participation guarantee (IPG) contract entered into during 1976, is stated at contract value. Contract value represents contributions made under the contract plus interest at the contract rate less funds used to provide retirement benefits and pay administration expenses charged by the insurance company and the group contract administrator, and approximates fair value. There are no reserves against contract value for credit risk of the contract issuers or others.

The following tables set forth, by level within the fair value hierarchy, the plan's investment assets that are measured at fair value on a recurring basis as of June 30, 2025.

As required by FASB ASC 820, investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Plan Assets at Fair Value as of June 30, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Asset category:				
Equity mutual funds and ETFs:				
Domestic small/mid-cap	**$ 960,443**	**$ -**	**$ -**	**$ 960,443**
Domestic large cap	**3,770,726**	**-**	**-**	**3,770,726**
International (developed countries)	**1,627,860**	**-**	**-**	**1,627,860**
International (emerging markets)	**432,516**	**-**	**-**	**432,516**
Real estate	**425,704**	**-**	**-**	**425,704**
Fixed-income mutual funds and ETFs:				
Short-term	**3,202,595**	**-**	**-**	**3,202,595**
Intermediate	**947,496**	**-**	**-**	**947,496**
Total plan assets at fair value	**$ 11,367,340**	**$ -**	**$ -**	**$ 11,367,340**

Cash funds associated with plan assets totaling $161,076 at June 30, 2025 are not included in the table above because they are recorded at cost. Group annuity contracts totaling $96,083 at June 30, 2025 are not recorded in the table above because they are recorded at contract value.

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

Year ended June 30,	**2025**
Discount rate	**5.55%**
Rate of compensation increase	**N/A**
Expected return on plan assets	**7.50%**
Measurement date	**June 30**

The assumptions disclosed at June 30, 2025 are used to determine net periodic pension cost for the following year.

The following benefit payments are expected to be paid:

Years ending June 30,	
2026	$ 1,079,078
2027	1,030,431
2028	1,015,560
2029	994,729
2030	969,054
2031-2035	4,430,216

403(b) Plan

All employees are eligible to participate in a defined contribution retirement plan (the 403(b) Plan) with Principal Trust Company after reaching the age of 21. Under the plan, Council contributes 2.5% of the employee's annual gross pay and 50 percent of the first 3 percent of eligible compensation deferred by participants. Employees may contribute up to 100 percent of their compensation not to exceed the annual maximum allowable amount under the IRC. Employee contributions may be in the form of a salary deduction or, more typically, a salary reduction whereby taxes on the contribution are deferred until retirement. Retirement expenses under the 403(b) Plan totaled $456,077 for the year ended June 30, 2025.

457(b) and 457(f) Plans

Select key employees of National 4-H Council designated as eligible to participate in the nonqualified deferred compensation plans with Principal Life Insurance Company include the President and CEO, SVP and Chief Development & Marketing Officer, SVP and Chief Strategy Officer, SVP and Chief Financial Officer, SVP and Chief People Officer, and any other key individuals determined in the discretion of the Executive Committee. Under the 457(b) Plan, participants may elect to defer compensation within the annual limits of the IRC, inclusive of both participant deferrals and employer contributions by National 4-H Council. Employee contributions to the 457(b) Plan are made on a pre-tax basis through payroll deductions. National 4-H Council may make discretionary credits, or employer contributions, to the 457(b) and 457(f) Deferred Compensation Plans of active participants in an amount determined each plan year by National 4-H Council. Council made contributions to the plan of $23,000 during the year ended June 30, 2025. The 457(f) Deferred Compensation Plan is not currently utilized.

Postretirement Benefit Plan

Council also sponsors a postretirement health care benefit plan (the Postretirement Plan) that covers all full-time associates. The Postretirement Plan pays stated percentages of most necessary medical expenses incurred by retirees, after subtracting payments by Medicare or other providers and after a stated deductible has been met. Participants become eligible for these benefits if they retire from Council after reaching age 55 with 10 or more years of service. The Postretirement Plan is contributory, with retiree contributions adjusted annually. The accounting for the Postretirement Plan anticipates future cost-sharing changes that are consistent with Council's announced policy regarding retiree premium contributions. Eligible participant retirees pay an amount equal to 10% of the total individual premium and 50% of the total individual premium if they wish to have this health coverage for a spouse. Council made contributions of $80,575 for the year ended June 30, 2025 and expects to contribute $87,192 in fiscal year 2026.

The measures of the benefit obligation and net periodic postretirement benefit cost reflect the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act). However, there is no effect on Council's plan due to the prescription drug benefit being ineligible for any federal subsidy.

The following table sets forth the Postretirement Plan's funded status and is recorded as accrued postretirement benefit on Council's consolidated statement of financial position at:

June 30,		**2025**
Accumulated benefit obligation	**$**	**(2,143,704)**
Fair value of plan assets		**-**
Funded status - in liabilities	**$**	**(2,143,704)**

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

Year ended June 30,		**2025**
Actuarial gain	**$**	**2,601,435**

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

Year ended June 30,		**2025**
Operating – service cost	**$**	**119,729**
Nonoperating:		
Interest cost		**109,011**
Amortization of actuarial gain		**(158,324)**
Total nonoperating		**(49,313)**
Net periodic postretirement benefit cost	**$**	**70,416**

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

Year ended June 30,		**2025**
Amount reclassified to net periodic postretirement benefit cost	**$**	**158,324**
Gain arising during the year		**(234,389)**
Postretirement related changes other than net periodic postretirement cost	**$**	**(76,065)**

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

June 30,	**2025**
Discount rate	**5.45%**
Health care cost trend rate assumed for next year	**5.25%**
Rate to which the cost trend is assumed to decline (ultimate trend rate)	**5.00%**
Year the rate reaches the ultimate trend rate	**2026**
Plan measurement date	**June 30**

The assumptions disclosed at June 30, 2025 are used to determine net periodic postretirement benefit cost for the following year.

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

Years ending June 30,	
2026	$ 87,192
2027	87,580
2028	89,057
2029	91,886
2030	92,605
2031-2035	502,039

13. Commitments and Contingencies

Council has entered hotel contracts for its annual youth event. Should an event be cancelled for reasons not accepted in the agreements, Council may be liable for penalties up to the amount of $625,000.

Council has entered into a three-year non-cancelable agreement with a group of solutions providers for its customer relationship management software and related services. Under the terms of the contract, termination is permitted only for cause or entity dissolution. Management deems the likelihood of termination to be remote and expects the full term of the contract to be fulfilled, resulting in the following future payments:

Years ending June 30,	
2026	$ 516,771
2027	402,200
2028	368,684
Total software license future payments	$ 1,287,655

At any given time, Council may be involved in various claims or administrative matters. Management believes that at June 30, 2025, any liability that results from resolving these matters will not materially impact Council's consolidated financial position.

14. Subsequent Events

Council has evaluated its consolidated financial statements for subsequent events through December 8, 2025, the date the consolidated financial statements were available to be issued.

Council is not aware of any subsequent events that would require recognition or disclosure in the accompanying consolidated financial statements.