National 4-H Council and Controlled Affiliates

Consolidated Financial Statements
Year Ended February 28, 2023 (with comparative totals for the Year Ended February 28, 2022)

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.

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Year Ended February 28, 2023
(with comparative totals for the Year Ended February 28, 2022)

National 4-H Council and Controlled Affiliates

Contents

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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 February 28, 2023, 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 the **National 4-H Council and Controlled Affiliates** as of February 28, 2023, 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.

Emphasis of a Matter

As discussed in Note 1 to the consolidated financial statements, effective March 1, 2022, Council adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

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 issued or available to be issued.

Auditor's Responsibility 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.

Report on Summarized Information

We have previously audited Council's 2022 consolidated financial statements, and as described in Note 1, expressed an unmodified opinion on those audited consolidated financial statements in our report dated November 17, 2022. In our opinion, the summarized information presented herein, and as described in Note 1 as of and for the year ended February 28, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, P.C.

November 28, 2023

Consolidated Financial Statements

National 4-H Council and Controlled Affiliates

Consolidated Statement of Financial Position

As of February 28, 2023 (with summarized totals as of February 28, 2022)

	Net assets without donor restrictions	Net assets with donor restrictions	2023 Total	2022 Total
Current assets				
Cash and cash equivalents	$ 2,638,447	$ 20,966,052	$ 23,604,499	$ 31,633,034
Short-term investments	4,694,723	8,044	4,702,767	4,725,908
Accounts and other receivable	1,526,474	-	1,526,474	1,209,113
Contributions receivable	-	6,454,271	6,454,271	8,211,859
Merchandise inventories, net	1,630,983	-	1,630,983	1,655,308
Other assets	937,410	-	937,410	247,147
Total current assets	11,428,037	27,428,367	38,856,404	47,682,369
Noncurrent assets				
Contributions receivable	-	2,750,000	2,750,000	4,050,755
Long-term investments	75,260,337	7,161,479	82,421,816	86,297,990
Property and equipment, net	3,439,771	-	3,439,771	375,189
Right of use asset - leases	7,778,683	-	7,778,683	-
Total noncurrent assets	86,478,791	9,911,479	96,390,270	90,723,934
Total assets	$ 97,906,828	$ 37,339,846	$ 135,246,674	$ 138,406,303

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Financial Position

As of February 28, 2023 (with summarized totals as of February 28, 2022)

	Net assets without donor restrictions	Net assets with donor restrictions	2023 Total	2022 Total
Current liabilities				
Accounts payable and accrued expenses	$ 7,211,948	$ -	$ 7,211,948	$ 4,185,150
Accrued postretirement benefit liability, current portion	83,675	-	83,675	73,458
Deferred revenue	895,439	-	895,439	542,764
Agency funds and other	287,069	-	287,069	343,736
Lease obligation, current portion	332,745	-	332,745	-
Total current liabilities	8,810,876	-	8,810,876	5,145,108
Noncurrent liabilities				
Accrued postretirement benefit liability, net of current portion	2,007,655	-	2,007,655	2,434,603
Unfunded pension liability	2,466,388	-	2,466,388	3,265,691
Lease obligation, net of current portion	7,899,166	-	7,899,166	-
Total noncurrent liabilities	12,373,209	-	12,373,209	5,700,294
Total liabilities	21,184,085	-	21,184,085	10,845,402
Net assets				
Without donor restriction	76,722,743	-	76,722,743	87,006,391
With donor restriction	-	37,339,846	37,339,846	40,554,510
Total net assets	76,722,743	37,339,846	114,062,589	127,560,901
Total liabilities and net assets	$ 97,906,828	$ 37,339,846	$ 135,246,674	$ 138,406,303

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Activities

For the year ended February 28, 2023 (with summarized totals for the year ended February 28, 2022)

	Net assets without donor restrictions	Net assets with donor restrictions	2023 Total	2022 Total
<u>Operating</u>				
Revenue				
Contributions received from the public	$ 1,449,769	$ 19,590,155	$ 21,039,924	$ 85,478,271
Federal grant revenue	4,749,749	-	4,749,749	3,508,858
Registration fees and tuition	2,043,530	-	2,043,530	470,075
National 4-H Supply Service	4,777,846	-	4,777,846	4,532,811
Investment return allocated to operations	950,760	33,415	984,175	260,032
Other	79,230	-	79,230	2,091,743
Net assets released from restrictions	22,663,458	(22,663,458)	-	-
Total revenue	36,714,342	(3,039,888)	33,674,454	96,341,790
Expenses				
Program services				
Education programs	25,686,216	-	25,686,216	23,574,585
Other programs				
National positive youth development events	2,350,194	-	2,350,194	1,737,189
National 4-H Supply Service	4,270,357	-	4,270,357	3,851,457
Total other programs	6,620,551	-	6,620,551	5,588,646
Total program services	$ 32,306,767	$ -	$ 32,306,767	$ 29,163,231

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Activities

For the year ended February 28, 2023 (with summarized totals for the year ended February 28, 2022)

	Net assets without donor restrictions	Net assets with donor restrictions	2023 Total	2022 Total
Supporting services				
Management and general	$ 6,988,226	$ -	$ 6,988,226	$ 4,606,021
Fundraising	4,031,100	-	4,031,100	3,086,527
Total supporting services	11,019,326	-	11,019,326	7,692,548
Total operating expenses	43,326,093	-	43,326,093	36,855,779
Change in net assets from operating activities	(6,611,751)	(3,039,888)	(9,651,639)	59,486,011
Nonoperating activity				
Gain on Center sale, net	-	-	-	33,937,555
Contributions	-	29,777	29,777	61,396
Investment return, net	(4,639,772)	(204,553)	(4,844,325)	(971,336)
Net periodic postretirement benefit cost other than service cost	27,894	-	27,894	25,914
Net periodic pension benefit cost other than service cost	(135,931)	-	(135,931)	(241,213)
Postretirement related changes other than net periodic postretirement costs	456,521	-	456,521	633,569
Pension related changes other than net periodic pension costs	619,391	-	619,391	631,257
Change in net assets from nonoperating activities	(3,671,897)	(174,776)	(3,846,673)	34,077,142
Change in net assets	(10,283,648)	(3,214,664)	(13,498,312)	93,563,153
Net assets, beginning of year	87,006,391	40,554,510	127,560,901	33,997,748
Net assets, end of year	$ 76,722,743	$ 37,339,846	$ 114,062,589	$ 127,560,901

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Functional Expenses

For the year ended February 28, 2023 (with summarized totals for the year ended February 28, 2022)

	Program Services				Supporting Services				
	Education Programs	**National PYD Events**	**National 4-H Supply Service**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**2023 Total**	**2022 Total**
Salaries, taxes and benefits	$ 6,232,778	$ 751,213	$ 1,163,609	$ 8,147,600	$ 4,045,540	$ 2,989,690	$ 7,035,230	$ 15,182,830	$ 14,127,403
Awards, scholarships and grants	11,073,338	-	-	11,073,338	-	-	-	11,073,338	9,325,921
Contracted services	5,564,339	38,857	151,037	5,754,233	2,070,317	398,478	2,468,795	8,223,028	6,569,940
Convening expense	458,880	1,393,604	-	1,852,484	191,214	4,307	195,521	2,048,005	350,401
Cost of goods sold	-	-	2,556,058	2,556,058	-	-	-	2,556,058	2,410,486
Depreciation	37,841	4,615	6,461	48,917	23,996	19,382	43,378	92,295	100,190
Information technology	218,927	29,338	37,228	285,493	143,424	111,616	255,040	540,533	259,880
Insurance	127,943	15,603	21,844	165,390	104,707	65,532	170,239	335,629	120,499
Resources and office	465,743	41,520	206,858	714,121	209,939	170,190	380,129	1,094,250	1,594,977
Travel	611,891	71,170	27,872	710,933	183,396	190,557	373,953	1,084,886	461,219
Public relations and promotion	894,536	4,274	99,390	998,200	15,693	81,348	97,041	1,095,241	1,534,863
Total operating expenses	$ 25,686,216	$ 2,350,194	$ 4,270,357	$ 32,306,767	$ 6,988,226	$ 4,031,100	$ 11,019,326	$ 43,326,093	$ 36,855,779

See accompanying notes to consolidated financial statements.

National 4-H Council and Controlled Affiliates

Consolidated Statement of Cash Flows

For the year ended February 28, 2023 (with summarized totals for the year ended February 28, 2022)	**2023**	2022
Cash Flows from Operating Activities		
Change in net assets	**$ (13,498,312)**	$ 93,563,153
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	**92,295**	100,190
Non-cash lease expense	**453,228**	-
Net unrealized and realized losses on investments	**4,844,325**	976,568
Gain on disposal of property and equipment	**-**	(33,791,367)
(Increase) decrease in assets		
Accounts and other receivable	**(317,361)**	1,339,197
Contributions receivable	**3,058,343**	(5,965,708)
Merchandise inventories	**24,325**	(104,503)
Other assets	**(690,263)**	154,713
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	**3,431,370**	(1,403,746)
Accrued postretirement benefit liability	**(416,731)**	(544,235)
Deferred revenue	**352,675**	(1,488,766)
Agency funds and other	**(56,667)**	(126,688)
Unfunded pension liability	**(799,303)**	(822,931)
Net cash (used in) provided by operating activities	**(3,522,076)**	51,885,877
Cash Flows from Investing Activities		
Purchases of property and equipment	**(3,561,449)**	(6,609)
Proceeds from sales of property and equipment	**-**	38,473,422
Purchases of investments	**(46,566,546)**	(114,813,389)
Proceeds from sales of investments	**45,621,536**	38,539,888
Net cash used in investing activities	**(4,506,459)**	(37,806,688)
Cash Flows from Financing Activities		
Payments on notes payable	**-**	(10,000,000)
Net cash used in financing activities	**-**	(10,000,000)
(Decrease) increase in cash and cash equivalents	**(8,028,535)**	4,079,189
Cash and cash equivalents, beginning of year	**31,633,034**	27,553,845
Cash and cash equivalents, end of year	**$ 23,604,499**	$ 31,633,034
Supplemental cash flow:		
Purchases of property and equipment in accounts payble	**$ (404,572)**	$ -
Right-of-use asset obtained in exchange for new operating lease	**$ 8,231,911**	$ -

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 globally.

Principles of Consolidation

The consolidated financial statements include the accounts of National 4-H Council, National 4-H Activities Foundation, National 4-H 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.

Summarized Financial Information for 2022

The consolidated financial statements include certain prior-year summarized information in total but not by net asset class in the consolidated statement of activities and by expense detail in the consolidated statements of functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Council's consolidated financial statements for the year ended February 28, 2022, from which the summarized information was derived.

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 financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates included in these 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.

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. Short-term investments represent planned withdrawals over the next fiscal year. Long-term investments represent amounts intended for use in future years.

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. 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 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 Committee. 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 allowance method is used to determine the uncollectible amounts. The allowance is based upon prior years' experience 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 receivables to be fully collectible, therefore, no allowance for doubtful accounts has been established.

Contributions Receivable

Contributions, which include unconditional promises to give, are recognized as revenue in the period 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.

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 $5,000, a threshold which was increased during the prior fiscal year from the prior policy of $1,000. Depreciation and amortization 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 and amortization are removed from the accounts, and any remaining gain or loss is recorded. Repairs and maintenance are charged to expense when incurred.

Council reports existing assets and 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 statements of activities, to its current fair value.

Deferred Revenue

Deferred revenue consists of fees received in advance for programs and conferences to be held in the following fiscal year.

Agency Funds

Council holds certain funds on behalf of others for which it acts in an administrative capacity. These agency funds are included as liabilities and related assets in the form of short-term investments and cash and cash equivalents in the accompanying consolidated statements of financial position. Short-term investments include approximately $76,148 and $79,185, as of February 28, 2023 and 2022, respectively. The activities involved in spending these funds are not included as revenue or expense in Council's consolidated statements of activities, as they are not expended on behalf of Council.

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 period in which Council is notified by the donor of the underlying commitment. Conditional promises to give include contributions that contain a measurable performance or other barrier and the right of return and release and are not recognized until the conditions on which they depend have been met. Council had approximately $1,750,000 and $3,748,000 in unrecognized conditional contributions related to contributions received from the public as of February 28, 2023 and 2022, respectively.

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 statement of activities as net assets released from restriction.

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 years ended February 28, 2023 and 2022.

Council had approximately $3,522,000 and $9,273,000 in unrecognized conditional contributions related to federal awards as of February 28, 2023 and 2022, respectively. 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 fees paid by participants of national positive youth development (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 period that the product is delivered to the customer.

Other Revenue

Other revenue is $79,230 for the year ended February 28, 2023. For the year ended February 28, 2022, other revenue includes forgiveness of the PPP loan for $1,998,132 and other revenue of $93,611. The forgiveness of the PPP loans are recognized as a contribution at the time Council met the measurable performance barriers of incurrence of legitimate costs allowed under the requirements of the SBA 7(a) loans. Other revenue not including the forgiveness of the PPP loan, is primarily associated with Council's extension engagement program whereby Council provides marketing materials and advice to the field offices in exchange for a fee. The fixed fees are set in agreements between each extension engagement partner and Council and are recognized over time in accordance with the pattern of delivery of the services to the field offices.

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 and amortization, insurance, technology costs, occupancy costs, and the Office of the Chief Executive Officer. Council allocates expenses based on the proportion of compensation expense directly attributed to the function.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Recent Accounting Pronouncements Adopted

On March 1, 2022, management adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842) (ASU 2016-02), and the additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, Accounting Standards Codification (ASC) Topic 842). ASC Topic 842 modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. Management adopted ASC Topic 842 using the modified retrospective transition method, under which amounts in prior periods presented herein were not restated. For contracts existing at the time of adoption, management elected the practical expedient and did not reassess (i) whether any are or contain leases, (ii) lease classification, and (iii) initial direct costs.

The adoption of ASC Topic 842 resulted in no recognition of related lease assets or liabilities as of March 1, 2022 as Council had no material outstanding leases that would quality for ASC Topic 842.

Prior to adoption of ASC 842, Council accounted for operating lease transactions by recording lease expense on a straight-line basis over the expected term of the lease.

In 2022, management adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. In an effort to improve transparency in reporting nonprofit gifts-in-kind, the ASU requires not-for-profit organizations to change the financial statement presentation and disclosure of contributed nonfinancial assets. Under the new requirements, gifts-in-kind are to be presented as a separate line item, and include enhanced disclosures about the valuation of those contributions, description of any donor-imposed restrictions, and description of the valuation techniques and inputs used to arrive at a fair value measure. The adoption of the ASU had no material impact on Council's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform* (Topic 848), *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This guidance has been subsequently updated by ASU 2021-01. The ASU provides optional guidance for a limited period of time to ease the potential burden in accounting for or recognizing the effects of reference rate reform on financial reporting. The ASU applies only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of the reference rate reform. The Organization implemented this ASU during the year ended February 28, 2023 on a prospective basis. The adoption of the ASU had no material impact on Council's consolidated financial statements.

Accounting Pronouncement to be Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which eliminates the requirement that a credit loss on a financial instrument be "probable" prior to recognition. Instead, a valuation allowance will be recorded to reflect an entity's current estimate of all expected credit losses, based on both historical and forecasted information related to an instrument. The update is effective for private business entities for annual and interim reporting periods beginning after December 15, 2022, and should be adopted using a modified retrospective approach, which applies a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. Early adoption is permitted. Management is currently evaluating the impact of this ASU on the 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 State of Maryland. National 4-H Council had no sources of unrelated business income for the years ended February 28, 2023 and 2022.

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 State of Maryland. Activities Foundation had no sources of unrelated business income for the years ended February 28, 2023 and 2022.

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 State of Maryland. Congress Foundation had no sources of unrelated business income for the years ended February 28, 2023 and 2022.

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 State of Maryland. Global Clover Network, Inc. had no sources of unrelated business income for the years ended February 28, 2023 and 2022.

Council follows the provisions of FASB Accounting Standards Codification (ASC) 740, *Income Taxes*. Under 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 fiscal years prior to 2020. For the years ended February 28, 2023 and 2022, no interest or penalties were recorded or included in the consolidated statements of activities related to uncertain tax positions.

3. Liquidity and Availability of Resources

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

February 28,	**2023**	2022
Cash and cash equivalents	**$ 23,604,499**	$ 31,633,034
Accounts and other receivable	**1,526,474**	1,209,113
Contributions receivable	**6,454,271**	12,262,614
Investments	**87,124,583**	91,023,898
Total financial assets available	**118,709,827**	136,128,659
Less: Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with purpose or time restrictions	**(37,339,846)**	(40,554,510)
Agency funds	**(287,069)**	(343,736)
Amounts unavailable to management without Board's approval:		
Board designated net assets	**(5,755,394)**	(5,943,945)
Total financial assets available to management for general expenditure within one year	**$ 75,327,518**	$ 89,286,468

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

4. Accounts and Other Receivable

Accounts receivable consist of the following at:

February 28,	**2023**	2022
Federal awards	**$ 1,344,812**	$ 971,512
National 4-H Supply Service customers	**142,974**	94,658
Other	**38,688**	142,943
Accounts and other receivable	**$ 1,526,474**	$ 1,209,113

5. Contributions Receivable

Contributions receivable are due as follows:

February 28,	**2023**	2022
Amounts due in:		
Less than one year	**$ 6,454,271**	$ 8,211,859
One to five years	**2,750,000**	4,050,755
	9,204,271	12,262,614
Less: Long term contributions receivable	**(2,750,000)**	(4,050,755)
Short term contributions receivable	**$ 6,454,271**	$ 8,211,859

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: Valuation 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: Valuation 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, 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: Valuation 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.

Mutual Funds and Exchange-Traded Funds:

Investments in mutual funds and exchange-traded funds (EFTs) represent units of participation in the respective funds and the fair value is determined by reference to the respective fund's underlying assets, which are principally marketable equities and fixed income securities. Shares held in mutual funds and EFTs are traded on national securities exchanges and are valued at the net asset value. Investment income from the mutual funds in Council's financial statements reflects earnings of the respective underlying funds, including investment income and investment return of the fair value of the investments. Council's defined benefit pension plan trust also invests in mutual funds and ETFs (see Note 13).

The following tables set forth Council's investment assets at fair value, by level, as of February 28, 2023 and 2022.

	Investment Assets at Fair Value as of February 28, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Equity funds:				
Domestic large cap	**$ 25,508,808**	$ -	$ -	**$ 25,508,808**
Domestic mid cap	**16,297,206**	-	-	**16,297,206**
Domestic small cap	**10,351,660**	-	-	**10,351,660**
International large cap	**1,738,535**	-	-	**1,738,535**
International mid cap	**1,669,921**	-	-	**1,669,921**
Fixed income:				
Short-term investment	**14,056,535**	-	-	**14,056,535**
Intermediate-term investment	**9,807,070**	-	-	**9,807,070**
Long-term investment	**6,686,365**	-	-	**6,686,365**
Cash and cash equivalents	**1,008,483**	-	-	**1,008,483**
Total investments at fair value	**87,124,583**	-	-	**87,124,583**
Less short-term investments	**(4,702,767)**	-	-	**(4,702,767)**
Long term investments	**$ 82,421,816**	$ -	$ -	**$ 82,421,816**

	Investment Assets at Fair Value as of February 28, 2022			
	Level 1	Level 2	Level 3	Total
Equity funds:				
Domestic large cap	$ 18,032,420	$ -	$ -	$ 18,032,420
Domestic mid cap	9,966,207	-	-	9,966,207
Domestic small cap	11,725,829	-	-	11,725,829
International large cap	3,470,263	-	-	3,470,263
International mid cap	1,187,958	-	-	1,187,958
Fixed income:				
Short-term investment	3,174,669	-	-	3,174,669
Intermediate-term investment	7,986,669	-	-	7,986,669
Long-term investment	5,069,854	-	-	5,069,854
Cash and cash equivalents	30,410,029	-	-	30,410,029
Total investments at fair value	91,023,898	-	-	91,023,898
Less short-term investments	(4,725,908)	-	-	(4,725,908)
Long term investments	$ 86,297,990	$ -	$ -	$ 86,297,990

7. Property and Equipment

During March 2021, Council made the decision to make the headquarters location in Maryland available for sale. A buyer was identified and the sale was completed in December 2021, resulting in sales proceeds of $38,473,422, which is net of sales costs of $1,591,578. The net sales proceeds are further offset by the disposal of the net book value of the Center assets of $4,535,867 resulting in a gain on Center sale of $33,937,555. Prospectively, the National 4-H Center meeting and event services will be conducted at contracted venues.

During fiscal year 2022, Council increased its capitalization policy and wrote off all previously capitalized property and equipment below the new threshold of $5,000. A loss on disposal in the amount of $146,187 was recorded to the write off the property and equipment. Depreciation expense for the years ended February 28, 2023 and 2022, was $92,295 and $100,190, respectively.

Property and equipment consists of the following at:

February 28,	**2023**	2022
Furniture and equipment	**$ 786,071**	$ 780,071
Construction in progress	**3,150,877**	-
	3,936,948	780,071
Less accumulated depreciation	**(497,177)**	(404,882)
Property and equipment, net	**$ 3,439,771**	$ 375,189

8. Notes Payable

On November 19, 2020 Council obtained a $10,000,000 term loan and a $5,000,000 revolving loan through M&T Bank. The revolving loan was terminated with the sale of Council's headquarters. The term loan of $10,000,000 was paid in full in December 2021 with a portion of the proceeds received from the sale of Council's headquarters.

9. Deferred Revenue

Deferred revenue represent amounts received by Council in advance, which will be recognized in future periods as they are earned. All deferred revenue for the years ended February 28, 2023 and 2022, respectively, is expected to be earned within one year.

Deferred revenue consists of the following at:

February 28,	**2023**	2022
Event registration paid in advance	**$ 839,024**	$ 509,391
Supply	**56,415**	33,373
Deferred revenue	**$ 895,439**	$ 542,764

10. 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 fiscal year ended February 28, 2023, Council implemented ASU 842, under which guidance 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 statements 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, DC. A related liability has been reflected as a combined total of $10,492,861 on the statement of financial position at February 28, 2023. The related right-of-use asset and operating liability are offset by a lease incentive of $2,260,950 to customize the office space. This amount is due from the landlord at February 28, 2023, expected to be paid in full during the year ended February 28, 2024. 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. Operating lease costs totaling $453,228 has been reflected as part of resources and office expense on the statement of functional expenses for the fiscal year ended February 28, 2023.

Council has elected the practical expedient to not separate lease and non-lease components for purposes of accounting for the lease, and instead to account for both as a single lease component. Variable payments for incremental operating expenses and taxes will be expensed in the period incurred.

The lease contains a 2-year deferral of lease payments. The future lease payments are as follows:

Years ending February 28,	
2024	$ -
2025	-
2026	688,911
2027	937,642
2028	961,055
Thereafter	11,241,744
	13,829,352
Less, lease incentives yet to be received	(2,260,950)
Less, imputed interest	(3,336,491)
	8,231,911
Less, current portion	(332,745)
	$ 7,899,166

In 1993, Council entered into a 13-year lease for 9,900 square feet of warehouse space in Wood Dale, Illinois. Three subsequent amendments to the term extended the lease period through August 31, 2023. In June 2023, subsequent to year-end, Council entered into a fourth amendment to the lease agreement, for a five-year period ending August 31, 2028. Management determined the lease liability and right-of-use asset for the lease as of the adopt date was not material and therefore elected to not include it in the FY2023 adoption.

11. 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 assets that are restricted by purpose or time consist of cash, investments and pledges receivable and are subject to donor-imposed stipulations at February 28, 2023 and 2022.

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

February 28,	**2023**	2022
Subject to Council's endowment spending policy and appropriation:		
Investment in perpetuity - Endowment	**$ 235,397**	$ 235,397
Subject to expenditures for specific purposes:		
Education program activities	**34,892,145**	37,957,405
Endowment	**2,212,304**	2,361,708
	$ 37,339,846	$ 40,554,510

During the years ended February 28, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

Years Ended February 28,	**2023**	2022
Purpose restrictions:		
Education program activities	**$ 22,663,458**	$ 21,339,696

12. 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 tables represents the composition of Council's endowment by net asset class at:

February 28, 2023	**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	**$ -**	**$ 235,397**	**$ 235,397**
Accumulated investment gains	**-**	**2,212,304**	**2,212,304**
Board-designated quasi-endowment funds	**5,755,394**	**-**	**5,755,394**
Total	**$ 5,755,394**	**$ 2,447,701**	**$ 8,203,095**

February 28, 2022	**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	$ -	$ 235,397	$ 235,397
Accumulated investment gains	-	2,361,708	2,361,708
Board-designated quasi-endowment funds	5,943,945	-	5,943,945
Total	$ 5,943,945	$ 2,597,105	$ 8,541,050

Changes in Endowment Net Assets

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

February 28, 2023	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment net assets, beginning of the year	**$ 5,943,945**	**$ 2,597,105**	**$ 8,541,050**
Investment return, net	**(213,329)**	**(171,138)**	**(384,467)**
Contributions	**24,778**	**29,778**	**54,556**
Amounts appropriated for expenses	-	**(8,044)**	**(8,044)**
Endowment net assets, end of the year	**$ 5,755,394**	**$ 2,447,701**	**$ 8,203,095**

February 28, 2022	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment net assets, beginning of the year	$ 6,058,363	$ 2,693,026	$ 8,751,389
Investment return, net	(142,421)	(114,446)	(256,867)
Contributions	28,003	33,393	61,396
Amounts appropriated for expenses	-	(14,868)	(14,868)
Endowment net assets, end of the year	$ 5,943,945	$ 2,597,105	$ 8,541,050

Return Objectives and Risk Parameters

By policy, Council 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 for February 28, 2023 and 2022.

13. 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 $157,390 during the 2023 fiscal year.

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

Years Ended February 28,	**2023**	2022
Benefit obligation, beginning of year	**$ (15,941,899)**	$ (17,096,459)
Interest cost	**(539,278)**	(496,796)
Actuarial gain	**1,863,083**	572,216
Benefits paid	**1,092,722**	1,079,140
Benefit obligation, end of year	**$ (13,525,372)**	$ (15,941,899)

Years Ended February 28,	**2023**	2022
Change in plan assets:		
Fair value of plan assets, beginning of year	**$ 12,676,208**	$ 13,007,837
Actual return on plan assets	**(840,345)**	314,624
Employer contributions	**315,843**	432,887
Benefits paid	**(1,092,722)**	(1,079,140)
Fair value of plan assets, end of year	**$ 11,058,984**	$ 12,676,208
Funded status – in noncurrent liabilities	**$ (2,466,388)**	$ (3,265,691)

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:

Years Ended February 28,	**2023**	2022
Actuarial loss	**$ 6,039,171**	$ 6,658,562

Components of net periodic benefit cost recognized in the accompanying consolidated statements of activities as nonoperating:

Years Ended February 28,	**2023**	2022
Interest cost	**$ 539,278**	$ 496,796
Expected return (loss) on plan assets	**(925,447)**	(953,105)
Amortization of actuarial loss	**522,100**	697,522
Net periodic benefit cost	**$ 135,931**	$ 241,213

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

Years Ended February 28,	**2023**	2022
Amount reclassified to net periodic benefit cost	**$ (522,100)**	$ (697,522)
(Gain) loss arising during the period	**(97,291)**	66,265
Total	**$ (619,391)**	$ (631,257)

The amount of actuarial loss for the year ended February 28, 2023 and amount to be amortized during the following year is $97,291. During the year ended February 28, 2022, the amount of actuarial loss and the amount to be amortized was $66,265.

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

February 28,	**2023**		2022	
Equity mutual funds and ETFs	**$ 7,401,106**	**67%**	$ 8,558,956	67%
Fixed income mutual funds and ETFs	**3,391,092**	**31%**	3,817,419	30%
Cash	**164,089**	**1%**	191,861	2%
Group annuity contract	**102,697**	**1%**	107,972	1%
Total plan assets	**$ 11,058,984**	**100%**	$ 12,676,208	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 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 years ended February 28, 2023 and 2022.

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 February 28, 2023 and 2022.

As required by 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 February 28, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Asset Category:				
Equity mutual funds and ETFs:				
Domestic small/mid-cap	**$ 1,165,222**	**$ -**	**$ -**	**$ 1,165,222**
Domestic large cap	**3,747,186**	**-**	**-**	**3,747,186**
International (developed countries)	**1,690,455**	**-**	**-**	**1,690,455**
International (emerging markets)	**359,623**	**-**	**-**	**359,623**
Real estate	**438,620**	**-**	**-**	**438,620**
Fixed income mutual funds and ETFs:				
Short-term	**2,869,950**	**-**	**-**	**2,869,950**
Intermediate	**521,142**	**-**	**-**	**521,142**
Total plan assets at fair value	**$ 10,792,198**	**$ -**	**$ -**	**$ 10,792,198**

	Plan Assets at Fair Value as of February 28, 2022			
	Level 1	Level 2	Level 3	Total
Asset Category:				
Equity mutual funds and ETFs:				
Domestic small/mid-cap	$ 1,273,054	$ -	$ -	$ 1,273,054
Domestic large cap	4,894,220	-	-	4,894,220
International (developed countries)	1,922,728	-	-	1,922,728
International (emerging markets)	451,830	-	-	451,830
Real estate	17,124	-	-	17,124
Fixed income mutual funds and ETFs:				
Short-term	801,281	-	-	801,281
Intermediate	3,016,138	-	-	3,016,138
Total plan assets at fair value	$ 12,376,375	$ -	$ -	$ 12,376,375

Cash funds associated with plan assets totaling $164,089 and $191,861 at February 28, 2023 and 2022, respectively, are not included in the tables above because they are recorded at cost. Group annuity contracts totaling $102,697 and $107,972 at February 28, 2023 and 2022, respectively, are not recorded in the tables above because they are recorded at contract value.

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

Year Ended February 28,	**2023**	2022
Discount rate	**5.25%**	3.50%
Rate of compensation increase	**N/A**	N/A
Expected return on plan assets	**7.50%**	7.50%
Measurement date	**2/28**	2/28

The assumptions disclosed at February 28, 2023 and 2022, respectively, are used to determine net periodic pension cost for the following year.

The following benefit payments are expected to be paid:

Years ending February 28,	
2024	$ 1,093,208
2025	1,055,616
2026	1,034,792
2027	1,020,908
2028	1,014,290
2029-2033	4,815,701

403(b) Plan

All employees are eligible to participate in a defined contribution retirement 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 Internal Revenue Code. 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 were $364,280 and $356,185 for the year ended February 28, 2023 and 2022, respectively.

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 $81,497 and $69,394 for the for the years ended February 28, 2023 and 2022, respectively. Council expects to contribute $83,675 to its postretirement benefit plans in 2023.

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 amounts recognized in Council's consolidated statements of financial position at:

February 28,	**2023**	2022
Accumulated benefit obligation	**$ (2,091,330)**	$ (2,508,061)
Fair value of plan assets	**-**	-
Funded status - in liabilities	**$ (2,091,330)**	$ (2,508,061)
Accrued postretirement benefit - current	**$ (83,675)**	$ (73,458)
Accrued postretirement benefit - noncurrent	**(2,007,655)**	(2,434,603)
Total accrued postretirement benefit	**$ (2,091,330)**	$ (2,508,061)

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 February 28,	**2023**	2022
Actuarial gain	**$ 2,605,535**	$ 2,149,014

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

February 28,	**2023**	2022
Operating - Service cost	**$ 149,181**	$ 184,642
Nonoperating:		
Interest cost	**90,950**	75,674
Amortization of actuarial gain	**(118,844)**	(101,588)
Total nonoperating	**(27,894)**	(25,914)
Net periodic postretirement benefit cost	**$ 121,287**	$ 158,728

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

February 28,	**2023**	2022
Amount reclassified to net periodic postretirement benefit cost	**$ 118,844**	$ 101,588
Gain arising during the period	**(575,365)**	(735,157)
Postretirement related changes other than net periodic postretirement cost	**$ (456,521)**	$ (633,569)

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

February 28,	**2023**	2022
Discount rate	**3.50%**	3.00%
Health care cost trend rate assumed for next year	**5.75%**	5.25%
Rate to which the cost trend is assumed to decline (ultimate trend rate)	**5.00%**	5.00%
Year the rate reaches the ultimate trend rate	**2026**	2023
Plan measurement date	**2/28**	2/28

The assumptions disclosed at February 28, 2023 and 2022, respectively, 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 February 28,	
2024	$ 83,675
2025	82,526
2026	81,493
2027	81,957
2028	84,986
2029-2033	465,348

14. Commitments and Contingencies

Council has entered into various hotel contracts for its events. Should an event be cancelled for reasons not excepted in the agreements, Council may be liable for penalties up to the amount of $650,000.

At any given time, Council may be involved in various claims or administrative matters. Management believes that at February 28, 2023, any liability that results from resolving these matters will not materially impact Council's consolidated financial position.

15. Subsequent Events

Council has evaluated its consolidated financial statements for subsequent events through November 28, 2023, the date the consolidated financial statements were available to be issued.

Council is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements except as disclosed in Note 10.