

**Field to Market<sup>®</sup> :  
The Alliance for Sustainable  
Agriculture  
December 31, 2016 and 2015**



**Field to Market<sup>®</sup>**

The Alliance for Sustainable Agriculture

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Field to Market®: The Alliance for Sustainable Agriculture  
Washington, DC

We have audited the accompanying financial statements of Field to Market®: The Alliance for Sustainable Agriculture, (a non-profit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Field to Market®: The Alliance for Sustainable Agriculture as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Sygnus, Lentsch + Co., LLP*

July 6, 2017

**FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE**

**STATEMENTS OF FINANCIAL POSITION**

	DECEMBER 31,	
<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 714,789	\$ 1,088,653
Contributions and grants receivable	160,490	182,813
Prepaid expenses	8,277	1,665
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 883,556</u>	<u>\$ 1,273,131</u>
<b>OTHER ASSETS:</b>		
Fixed assets, net	\$ 256,372	\$ 2,575
Deposits	16,662	2,150
<b>TOTAL OTHER ASSETS</b>	<u>\$ 273,034</u>	<u>\$ 4,725</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,156,590</u>	<u>\$ 1,277,856</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	<u>\$ 308,630</u>	<u>\$ 160,594</u>
<b>NET ASSETS:</b>		
Unrestricted net assets	\$ 564,810	\$ 269,291
Temporarily restricted	283,150	847,971
<b>TOTAL NET ASSETS</b>	<u>\$ 847,960</u>	<u>\$ 1,117,262</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,156,590</u>	<u>\$ 1,277,856</u>

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

**FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE**

**STATEMENTS OF ACTIVITIES**

FOR THE YEARS ENDED DECEMBER 31,

	2016		2015		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
<b>REVENUE AND SUPPORT:</b>					
Membership contributions	\$ 1,870,000	\$ -	\$ 1,870,000	\$ 50,000	\$ 1,447,500
Grants and sponsorships	13,745	497,800	511,545	317,200	368,697
Contributions for Midwest Row Crop Collaborative	-	250,000	250,000	625,000	625,000
Government grants	79,990	-	79,990	7,500	7,500
Interest income	508	-	508	-	354
Miscellaneous	2,500	-	2,500	-	-
Net assets released from restrictions	1,312,621	(1,312,621)	-	(521,729)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>\$ 3,279,364</b>	<b>\$ (564,821)</b>	<b>\$ 2,714,543</b>	<b>\$ 477,971</b>	<b>\$ 2,449,051</b>
<b>EXPENSES:</b>					
Program services:					
Goals and regional mapping	\$ -	\$ -	\$ -	\$ -	\$ 67,139
Information, Communication, and Engagement (ICE)					
Metrics	318,016	-	318,016	-	203,838
Midwest Row Crop Collaborative	403,079	-	403,079	-	255,710
NRCS Metrics Alignment Project	765,818	-	765,818	-	79,324
Technology	159,979	-	159,979	-	-
Verification	369,937	-	369,937	-	329,284
Total program services	173,918	-	173,918	-	144,005
Management and general	\$ 2,190,747	\$ -	\$ 2,190,747	\$ -	\$ 1,079,300
Membership development	461,509	-	461,509	-	437,294
	331,589	-	331,589	-	330,032
<b>TOTAL EXPENSES</b>	<b>\$ 2,983,845</b>	<b>\$ -</b>	<b>\$ 2,983,845</b>	<b>\$ -</b>	<b>\$ 1,846,626</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 295,519</b>	<b>\$ (564,821)</b>	<b>\$ (269,302)</b>	<b>\$ 477,971</b>	<b>\$ 602,425</b>
<b>NET ASSETS:</b>					
<b>BEGINNING OF YEAR</b>	269,291	847,971	1,117,262	370,000	514,837
<b>END OF YEAR</b>	<b>\$ 564,810</b>	<b>\$ 283,150</b>	<b>\$ 847,960</b>	<b>\$ 847,971</b>	<b>\$ 1,117,262</b>

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

**FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services							Total Program Services	Management and General	Membership Development	Total
	Information, Communication, and Engagement	Metrics	Midwest Row Crop Collaborative	NRCS Metrics Alignment Project	Technology	Verification	Total Program Services				
Expenses:											
Personnel costs:											
Salaries	\$ 88,686	\$ 76,073	\$ 15,376	\$ 93,238	\$ 83,970	\$ 57,100	\$ 414,443	\$ 159,123	\$ 100,939	\$ 674,505	
Employee benefits	8,789	7,539	1,524	9,240	8,322	5,659	41,073	15,769	10,003	66,845	
Payroll taxes	6,298	5,403	1,092	6,622	5,963	4,055	29,433	11,301	7,169	47,903	
Total personnel costs	\$ 103,773	\$ 89,015	\$ 17,992	\$ 109,100	\$ 98,255	\$ 66,814	\$ 484,949	\$ 186,193	\$ 118,111	\$ 789,253	
Accounting	-	-	-	-	-	-	-	65,654	-	65,654	
Bad debt expense	-	-	-	-	-	-	-	7,813	-	7,813	
Bank charges and licenses	-	-	-	-	-	-	-	876	-	876	
Communications and publications	1,232	3,873	341	1,526	1,483	1,126	9,581	4	68,147	77,732	
Contribution expense	-	-	662,037	-	-	-	662,037	13,454	-	675,491	
Depreciation	821	849	227	1,018	989	751	4,655	2,353	1,223	8,231	
Fieldprint	132,732	-	-	-	14,601	-	147,333	-	-	147,333	
Honorarium	-	12,000	-	-	-	-	12,000	-	-	12,000	
Insurance	103	106	28	127	124	94	582	978	153	1,713	
Legal fees	-	-	-	-	-	-	-	100,192	-	100,192	
Meetings and events	12,261	12,752	5,205	14,628	14,609	11,541	70,996	3,313	58,127	132,436	
Metrics	-	251,875	-	-	-	-	251,875	-	-	251,875	
Miscellaneous	1,642	1,823	1,166	2,035	1,990	1,501	10,157	6,185	5,338	21,680	
Professional fees	47,800	8,153	68,457	9,667	9,395	47,128	190,600	5,825	12,193	208,618	
Rent	13,957	14,429	7,088	17,299	16,812	12,762	82,347	409	20,799	103,555	
Strategic development consultants	-	-	-	-	-	28,823	28,823	-	-	28,823	
Technology and Fieldprint Calculator	-	-	-	-	203,447	-	203,447	-	-	203,447	
Telephone and technology	3,695	3,819	1,075	4,579	4,450	3,378	20,996	1,217	5,511	27,724	
Travel	-	4,385	2,202	-	3,782	-	10,369	67,043	41,987	119,399	
Total Expenses	\$ 318,016	\$ 403,079	\$ 765,818	\$ 159,979	\$ 369,937	\$ 173,918	\$ 2,190,747	\$ 461,509	\$ 331,589	\$ 2,983,845	

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

FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services							Total Program Services	Management and General	Membership Development	Total
	Goals and Regional Mapping	Information, Communication, and Engagement	Metrics	Midwest Row Crop Collaborative	Technology	Verification	Total Program Services				
Expenses:											
Personnel costs:											
Salaries	\$ 10,200	\$ 58,732	\$ 61,200	\$ 26,667	\$ 36,700	\$ 16,300	\$ 209,799	\$ 111,334	\$ 127,948	\$ 449,081	
Employee benefits	923	5,317	5,541	2,414	3,323	1,476	18,994	10,079	11,583	40,656	
Payroll taxes	781	4,496	4,685	2,042	2,810	1,248	16,062	8,522	9,795	34,379	
Total personnel costs	\$ 11,904	\$ 68,545	\$ 71,426	\$ 31,123	\$ 42,833	\$ 19,024	\$ 244,855	\$ 129,935	\$ 149,326	\$ 524,116	
Accounting	-	-	-	-	-	-	-	40,716	-	40,716	
Bank charges and licenses	-	-	-	-	-	-	-	603	18	621	
Communications and publications	-	-	-	-	-	-	-	-	19,995	19,995	
Depreciation	57	285	342	569	171	57	1,481	683	683	2,847	
Fieldprint	-	118,333	-	-	11,618	-	129,951	-	-	129,951	
Insurance	29	145	174	290	87	29	754	347	348	1,449	
Legal fees	-	-	-	-	-	-	-	97,069	-	97,069	
Meetings and events	2,426	12,128	14,553	24,256	7,277	2,426	63,066	29,105	29,107	121,278	
Metrics	-	-	160,000	-	-	-	160,000	-	-	160,000	
Miscellaneous	-	-	-	4,883	-	-	4,883	19,593	31	24,507	
Professional fees	51,842	-	302	-	-	118,992	171,136	37,447	1,365	209,948	
Rent	806	4,028	4,833	8,055	2,417	806	20,945	9,664	9,666	40,275	
Strategic development consultants	-	-	-	-	-	-	-	-	69,500	69,500	
Technology and Fieldprint Calculator	-	-	-	-	252,726	-	252,726	-	-	252,726	
Telephone and technology	75	374	448	747	224	75	1,943	897	897	3,737	
Travel	-	-	3,632	9,401	11,931	2,596	27,560	71,235	49,096	147,891	
Total Expenses	\$ 67,139	\$ 203,838	\$ 255,710	\$ 79,324	\$ 329,284	\$ 144,005	\$ 1,079,300	\$ 437,294	\$ 330,032	\$ 1,846,626	

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



**FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE**

**STATEMENTS OF CASH FLOWS**

	FOR THE YEARS ENDED DECEMBER 31,	
	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (269,302)	\$ 602,425
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	8,231	2,847
Decrease (increase) in:		
Contributions and grants receivable	22,323	(182,465)
Prepaid expenses	(6,612)	(115)
Deposits	(14,512)	-
Increase in:		
Accounts payable and accrued expenses	148,036	46,220
<b>NET CASH (USED IN) PROVIDED BY     OPERATING ACTIVITIES</b>	<u>\$ (111,836)</u>	<u>\$ 468,912</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Purchases of fixed assets	\$ (262,028)	\$ (5,422)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>\$ (262,028)</u>	<u>\$ (5,422)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ (373,864)	\$ 463,490
<b>CASH AND CASH EQUIVALENTS:</b>		
<b>BEGINNING OF YEAR</b>	<u>1,088,653</u>	<u>625,163</u>
<b>END OF YEAR</b>	<u>\$ 714,789</u>	<u>\$ 1,088,653</u>

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

# FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

### Note 1. **Summary of Significant Accounting Policies**

**Organization** - Field to Market®: The Alliance for Sustainable Agriculture (Field to Market®) is a non-profit organization, incorporated on September 18, 2012 under the laws of the State of Colorado. Field to Market® brings together a diverse group of members to focus on defining, measuring, and advancing the sustainability of food, fiber and fuel production. Sustainable agriculture is meeting the needs of the present while improving the ability of future generations to meet their own needs by increasing productivity to meet future food and fiber demands, improving the environment, improving human health, and improving the social and economic well-being of agricultural communities. Field to Market® provides useful measurement tools and resources to growers and the supply chain that track and create opportunities for continuous improvement at the farm level. This program promotes a voluntary, collaborative approach to sustainability that is expressly science-based, technology neutral, and focused on outcomes that are within a grower's control.

**Program Services** - Field to Market's® program services include the following:

*Goals and Regional Mapping* - Generates specific, attainable goals for Field to Market's® program that include making recommendations to the General Assembly to establish measurable sustainability goals that are directly related to metrics used within the Field to Market® program as well as determining regional maps that support prioritization for local projects based on resources of highest concern for a particular growing area. Goals and Regional Mapping also creates protocols for goal setting for use by Fieldprint projects within local sourcing areas as well as makes recommendations to the General Assembly on overall program participation goals over time.

*Information, Communication, and Engagement (ICE)* - Creates strategies to implement and scale the Field to Market® program through outreach, education, and partnership with other programs as well as initiatives to help deliver positive impact at the field and landscape levels. This program includes developing sustainability materials and curriculum that further Field to Market® goals for use by entities that offer decision support services for growers, creating materials for use by local Fieldprint projects to standardize and identify best practices for engaging with growers participating in the Field to Market® program and developing project tracking tools to maximize opportunities to recruit and leverage partners in various geographies and to gather feedback from project administrators and growers. The ICE program also provides greater coordination and guidance across Fieldprint project implementation, including identifying best practices for grower engagement and feedback as well as communication, education, and outreach that includes leveraging key partnerships to help deliver impact and scale the program.

# FIELD TO MARKET<sup>®</sup>: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Note 1. **Summary of Significant Accounting Policies** (Continued)

*Metrics* - Identifies and develops metrics for report out on and update as necessary key environmental, economic, and social indicators of agricultural sustainability. This program also makes recommendations to the Board of Directors on revisions to existing metrics as newly available science becomes available and to the General Assembly on inclusion of new indicators in the Field to Market<sup>®</sup> program. Metrics also acts as the official review committee for metrics that are developed externally with the goal of being used by Field to Market<sup>®</sup>.

*Midwest Row Crop Collaborative* - A supply chain collaborative made up of nine Field to Market<sup>®</sup> members working to scale agricultural solutions that protect air and water quality and enhance soil health while remaining committed to producing enough food to feed the growing global population. These companies and conservation groups are all committed to building a broad partnership in three pilot states: Illinois, Iowa, and Nebraska. This group will measure and deliver improved environmental outcomes through cross-sector collaboration and continuous improvement that scales throughout the Upper Mississippi River Basin.

*NRCS Metrics Alignment Project* - Natural Resources Conservation Service (USDA-NRCS) facilitates the flow of consistent conservation information provided to farmers and ranchers through private, public and non-governmental sources, and establishes protocols for the development and maintenance of consistent metrics for key environmental indicators by both FTM and NRCS. This includes convening sustainability groups to identify resource issues in which they have a common interest and plan for metrics development and maintenance; developing technical recommendations for ensuring consistency in data input requirements and resource assessment outputs between the Fieldprint<sup>®</sup> Calculator and the NRCS Resource Stewardship platform; and developing technical, administrative, and legal protocols for data sharing between the NRCS planning database and the Fieldprint Calculator at the request of producers.

*Technology* - Makes recommendations on Field to Market's<sup>®</sup> current and future technology needs, as well as updates the Fieldprint Calculator algorithms. Technology also oversees maintenance of the Fieldprint Calculator, including improved functionality, interoperability with USDA models and inclusion of new crops. This program also establishes best practices for integration with other tools and software, including recommendations on licensing of the algorithms through an application program interface. It manages policies and protocols related to incoming grower data that includes standards for data storage, sharing, aggregation, and privacy policies. Technology also ensures documentation of all algorithms to meet transparency standards under ISEAL as well as oversees all activity related to benchmark updates and restructuring for use in the Fieldprint Calculator and associated tools.

# FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Note 1. **Summary of Significant Accounting Policies** (Continued)

*Verification* - Oversees the creation, refinement and publication of governance and process documents that will enhance the credibility and transparency of the organization. This program also oversees Field to Market's® engagement in the ISEAL organizational verification process and develops participation, measurement, and impact claims for use by the Field to Market® membership as well as the process used to substantiate claims. Verification also develops policies and protocols for aggregation and sharing of data to measure against program goals and support member claims as well as reviews any non-preapproved member claims.

**Basis of Accounting** - The accompanying financial statements are presented on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

**Basis of Presentation** - Net assets are reported in three groups as follows:

Unrestricted net assets - includes unrestricted net revenue received without donor-imposed restrictions. These net assets are available for the operation of Field to Market® and include both internally designated and undesignated resources.

Temporarily restricted net assets - includes revenue subject to donor-imposed stipulations that will be met by the actions of Field to Market® and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - represent funds restricted by the donor to be maintained in perpetuity by Field to Market®. Field to Market® had no permanently restricted net assets at December 31, 2016 and 2015.

**Income Taxes** - Field to Market® is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. However, income from any activities not related to Field to Market's® tax-exempt purpose would be subject to taxation as unrelated business income.

**Accounting for Uncertain Tax Positions** - Field to Market® complies with the provisions of Financial Accounting Standards Board Codification topic *Accounting for Uncertainty in Income Taxes*, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Field to Market® recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Field to Market® does not believe its financial statements include any uncertain tax positions. No provision for income taxes is reflected in the accompanying financial statements for the years ended December 31, 2016 and 2015.

**FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

Note 1. **Summary of Significant Accounting Policies** (Continued)

Tax returns are subject to examination by federal and state taxing authorities, generally for three years after filing. Field to Market®'s returns for the years ended 2013 through 2015 are open to such examination.

**Cash and Cash Equivalents** - Field to Market® considers all cash and highly liquid investments with initial maturities of three months or less to be cash equivalents.

**Contributions and Grants Receivable** - Contributions and grants receivable are reported at the unpaid balances, less an estimate for doubtful receivables based on an annual review of all outstanding items. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Management considers all amounts to be fully received within the next calendar year. Accordingly, an allowance for doubtful accounts has not been established.

**Fixed Assets** - Fixed assets in excess of \$1,000 are capitalized and stated at cost. Depreciation is recorded using the straight-line basis over the estimated useful life of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

**Revenue Recognition** - Membership contributions are classified as contributions, rather than exchange transactions, and are recognized in revenue when received. Membership contributions restricted for operations in the subsequent year are included in temporarily restricted revenue.

Unconditional contributions, sponsorships and non-federal grants are recorded when pledged and reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Federal grants are recognized as revenue to the extent of expenditures incurred.

Interest income and other miscellaneous income are recognized as revenue when earned.

**Functional Allocation of Expenses** - The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

Note 1. **Summary of Significant Accounting Policies** (Continued)

**Use of Estimates** - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Concentration of Credit Risk** - At various times, Field to Market® has cash deposits at financial institutions which exceed the FDIC insurance limits. The cash equivalents were placed with high credit quality financial institutions and accordingly, Field to Market® has not experienced any losses in such accounts. Field to Market® believes the organization is not exposed to any significant financial risks.

**Reclassifications** - Certain amounts in the prior-period financial statements have been reclassified to conform with the current period's presentation.

Note 2. **Fixed Assets** - Fixed asset costs, net of accumulated depreciation, at December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 4,363	\$ 5,422
Website and software	260,765	--
Less: accumulated depreciation	<u>(8,756)</u>	<u>(2,847)</u>
Total fixed assets	<u>\$ 256,372</u>	<u>\$ 2,575</u>

Note 3. **Temporarily Restricted Net Assets** - Temporarily restricted net assets consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Purpose restricted:		
Midwest Row Crop Collaborative	\$ 30,716	\$ 565,655
Fieldprint Calculator Improvement	--	224,816
Natural Resource Conservation	--	7,500
Metrics	237,434	--
Peanut Metric Development Project	15,000	--
Time restricted:		
Operations in 2016	--	50,000
Total temporarily restricted net assets	<u>\$ 283,150</u>	<u>\$ 847,971</u>

Note 4. **Retirement Plan** - Field to Market® maintains a qualified defined contribution retirement plan that covers all employees subject to certain eligibility requirements. Under this plan, Field to Market® contributes five percent of eligible employees' salaries, and employees may contribute a percentage up to Internal Revenue Code limits. Contributions by Field to Market® for the years ended December 31, 2016 and 2015 totaled \$22,642 and \$10,877, respectively.

**FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

Note 5. **Lease Commitment** - On September 13, 2013, Field to Market® entered into a lease for office space and storage, commencing September 13, 2013 and continuing on a year to year basis. Under the terms of the lease, rental payments began at a base rent of \$3,500 per month, increasing by a factor of 3% per year, plus a proportionate share of expenses. On December 30, 2015, Field to Market® entered into an agreement for additional office space, commencing January 1, 2016 through January 31, 2019. Under the terms of the lease, rental payments began at a base rent of \$8,240 per month, subject to a 3% increase per year. Rent expense (plus a proportionate share of expenses) totaled \$103,556 and \$40,275 for the years ended December 31, 2016 and 2015, respectively. Approximate future minimum lease payments as of December 31, 2016 are as follows:

<u>Year ending December 31,</u>	
2017	\$ 96,715
2018	99,616
2019	<u>8,487</u>
Total	<u>\$ 204,818</u>

Note 6. **Future Accounting Pronouncements** - In February 2016, the FASB issued a new accounting pronouncement for leases. This guidance significantly changes the accounting for a lessee. Under previous guidance, the lessee did not have to record an operating lease on the statements of financial position. Under the new guidance, a lessee must record both a liability for the lease payments and an asset for the right to use the leased property during the lease term. The new accounting pronouncement also adds comprehensive qualitative and quantitative disclosures for lease arrangements. The disclosure requirements include information about management's significant judgments in its accounting for a leasing arrangement. Adoption of this accounting standard is required for the year ended December 31, 2020, and is expected to result in adding Field to Market®' assets and liabilities for the facility lease to the statements of financial position and changing the lease disclosures.

Note 7. **Subsequent Events** - In preparing the financial statements, Field to Market® has evaluated events and transactions for potential recognition or disclosure through July 6, 2017, the date the financial statements were available to be issued.