

**Field to Market<sup>®</sup> :  
The Alliance for Sustainable  
Agriculture  
December 31, 2018 and 2017**



**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, 2018 and 2017, 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, 2018 and 2017, 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.

***Correction of an Error***

As discussed in Note 6 to the financial statements, certain errors were noted in the classification of amounts between net assets without donor restrictions and net assets with donor restrictions while total net assets reported remainder unchanged. Accordingly, amounts reported for net assets with donor restrictions, net assets without donor restrictions, and net assets released from donor restrictions, for the year ended December 31, 2017, have been restated on the December 31, 2017 financial statements now presented. Our opinion is not modified with respect to this matter.

*Sygnis, Lember + Co., LLP*

May 21, 2019

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

**STATEMENTS OF FINANCIAL POSITION**

|  | DECEMBER 31,        |                       |
|--|---------------------|-----------------------|
|  | 2018                | 2017<br>(As Restated) |
| <b>ASSETS</b>  | <u>2018</u>         | <u>(As Restated)</u>  |
| <b>CURRENT ASSETS:</b>                               |                     |                       |
| Cash and cash equivalents                            | \$ 1,124,518        | \$ 1,328,140          |
| Contributions and grants receivable                  | 208,379             | 476,513               |
| Prepaid expenses                                     | 25,939              | 24,846                |
| <b>TOTAL CURRENT ASSETS</b>                          | <u>\$ 1,358,836</u> | <u>\$ 1,829,499</u>   |
| <b>OTHER ASSETS:</b>                                 |                     |                       |
| Fixed assets, net                                    | \$ 908,822          | \$ 249,154            |
| Deposits   | 44,374              | 16,662                |
| <b>TOTAL OTHER ASSETS</b>                            | <u>\$ 953,196</u>   | <u>\$ 265,816</u>     |
| <b>TOTAL ASSETS</b>                                  | <u>\$ 2,312,032</u> | <u>\$ 2,095,315</u>   |
| <br>   |                     |                       |
| <b>LIABILITIES AND NET ASSETS</b>                    |                     |                       |
| <b>CURRENT LIABILITIES:</b>                          |                     |                       |
| Accounts payable and accrued expenses                | \$ 407,194          | \$ 424,281            |
| Deferred leasehold improvement allowance, current    | 3,955               | -                     |
| <b>TOTAL CURRENT LIABILITIES</b>                     | <u>\$ 411,149</u>   | <u>\$ 424,281</u>     |
| <b>OTHER LIABILITIES:</b>                            |                     |                       |
| Deferred rent  | \$ 30,737           | \$ -                  |
| Deferred leasehold improvement allowance, noncurrent | 36,249              | -                     |
| <b>TOTAL OTHER LIABILITIES</b>                       | <u>\$ 66,986</u>    | <u>\$ -</u>           |
| <b>TOTAL LIABILITIES</b>                             | <u>\$ 478,135</u>   | <u>\$ 424,281</u>     |
| <b>NET ASSETS:</b>                                   |                     |                       |
| Without donor restrictions                           | \$ 1,516,093        | \$ 859,089            |
| With donor restrictions                              | 317,804             | 811,945               |
| <b>TOTAL NET ASSETS</b>                              | <u>\$ 1,833,897</u> | <u>\$ 1,671,034</u>   |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>              | <u>\$ 2,312,032</u> | <u>\$ 2,095,315</u>   |

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

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

**STATEMENTS OF ACTIVITIES**

FOR THE YEARS ENDED DECEMBER 31,

|                                       | 2018                       |                         |                     | 2017 (As Restated)         |                         |                     |
|---------------------------------------|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|
|                                       | Without Donor Restrictions | With Donor Restrictions | Total               | Without Donor Restrictions | With Donor Restrictions | Total               |
| <b>REVENUE AND SUPPORT:</b>           |                            |                         |                     |                            |                         |                     |
| Membership contributions              | \$ 2,056,000               | \$ 50,000               | \$ 2,106,000        | \$ 1,982,500               | \$ -                    | \$ 1,982,500        |
| Grants and sponsorships               | -                          | 480,750                 | 480,750             | 19,120                     | 1,106,719               | 1,125,839           |
| Government grants                     | -                          | -                       | -                   | 62,510                     | -                       | 62,510              |
| Interest income                       | 595                        | -                       | 595                 | 431                        | -                       | 431                 |
| In-kind contributions                 | 57,473                     | -                       | 57,473              | -                          | -                       | -                   |
| License income                        | 25,000                     | -                       | 25,000              | -                          | -                       | -                   |
| Miscellaneous                         | 4,640                      | -                       | 4,640               | -                          | -                       | -                   |
| Net assets released from restrictions | 1,024,891                  | (1,024,891)             | -                   | 577,924                    | (577,924)               | -                   |
| <b>TOTAL REVENUE AND SUPPORT</b>      | <b>\$ 3,168,599</b>        | <b>\$ (494,141)</b>     | <b>\$ 2,674,458</b> | <b>\$ 2,642,485</b>        | <b>\$ 528,795</b>       | <b>\$ 3,171,280</b> |
| <b>EXPENSES:</b>                      |                            |                         |                     |                            |                         |                     |
| Program services:                     |                            |                         |                     |                            |                         |                     |
| Metrics                               | \$ 459,503                 | \$ -                    | \$ 459,503          | \$ 524,943                 | \$ -                    | \$ 524,943          |
| Education and outreach                | 343,612                    | -                       | 343,612             | 339,101                    | -                       | 339,101             |
| Technology                            | 316,805                    | -                       | 316,805             | 441,175                    | -                       | 441,175             |
| Verification                          | 192,119                    | -                       | 192,119             | 307,243                    | -                       | 307,243             |
| Harmonization                         | 154,379                    | -                       | 154,379             | -                          | -                       | -                   |
| Awards and recognition                | 112,971                    | -                       | 112,971             | 96,883                     | -                       | 96,883              |
| Fieldprint projects                   | 109,786                    | -                       | 109,786             | -                          | -                       | -                   |
| Total program services                | \$ 1,689,175               | \$ -                    | \$ 1,689,175        | \$ 1,709,345               | \$ -                    | \$ 1,709,345        |
| Supporting services:                  |                            |                         |                     |                            |                         |                     |
| Management and general                | 647,907                    | -                       | 647,907             | 471,212                    | -                       | 471,212             |
| Membership development                | 174,513                    | -                       | 174,513             | 167,649                    | -                       | 167,649             |
| <b>TOTAL EXPENSES</b>                 | <b>\$ 2,511,595</b>        | <b>\$ -</b>             | <b>\$ 2,511,595</b> | <b>\$ 2,348,206</b>        | <b>\$ -</b>             | <b>\$ 2,348,206</b> |
| <b>CHANGE IN NET ASSETS</b>           | <b>\$ 657,004</b>          | <b>\$ (494,141)</b>     | <b>\$ 162,863</b>   | <b>\$ 294,279</b>          | <b>\$ 528,795</b>       | <b>\$ 823,074</b>   |
| <b>NET ASSETS:</b>                    |                            |                         |                     |                            |                         |                     |
| BEGINNING OF YEAR                     | 859,089                    | 811,945                 | 1,671,034           | 564,810                    | 283,150                 | 847,960             |
| END OF YEAR                           | <u>\$ 1,516,093</u>        | <u>\$ 317,804</u>       | <u>\$ 1,833,897</u> | <u>\$ 859,089</u>          | <u>\$ 811,945</u>       | <u>\$ 1,671,034</u> |

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, 2018

|                             | Program Services  |                        |                   |                   |                   |                        |                     | Supporting Services    |                        |                        | Total               |
|-----------------------------|-------------------|------------------------|-------------------|-------------------|-------------------|------------------------|---------------------|------------------------|------------------------|------------------------|---------------------|
|                             | Metrics           | Education and Outreach | Technology        | Verification      | Harmonization     | Awards and Recognition | Fieldprint Projects | Total Program Services | Management and General | Membership Development |                     |
| Personnel costs             | \$ 230,751        | \$ 183,467             | \$ 175,124        | \$ 124,103        | \$ 106,064        | \$ 59,341              | \$ 72,184           | \$ 951,034             | \$ 272,244             | \$ 108,572             | \$ 1,331,850        |
| Professional fees           | 111,438           | 51,221                 | 69,945            | 4,966             | 3,972             | 2,483                  | 4,211               | 248,236                | 8,443                  | 4,469                  | 261,148             |
| Depreciation                | 44,280            | 36,900                 | 31,980            | 24,600            | 19,680            | 12,300                 | 12,300              | 182,040                | 41,821                 | 22,140                 | 246,001             |
| Meetings, events and travel | 29,332            | 31,477                 | 10,682            | 16,086            | 6,771             | 10,665                 | 8,959               | 113,972                | 99,837                 | 11,261                 | 225,070             |
| Accounting and legal fees   | -                 | -                      | -                 | -                 | -                 | -                      | -                   | -                      | 173,143                | -                      | 173,143             |
| Office expenses             | 22,069            | 22,519                 | 13,450            | 10,346            | 8,277             | 22,173                 | 6,123               | 104,957                | 32,647                 | 17,254                 | 154,858             |
| Rent                        | 21,633            | 18,028                 | 15,624            | 12,018            | 9,615             | 6,009                  | 6,009               | 88,936                 | 19,772                 | 10,817                 | 119,525             |
| Total Expenses              | <u>\$ 459,503</u> | <u>\$ 343,612</u>      | <u>\$ 316,805</u> | <u>\$ 192,119</u> | <u>\$ 154,379</u> | <u>\$ 112,971</u>      | <u>\$ 109,786</u>   | <u>\$ 1,689,175</u>    | <u>\$ 647,907</u>      | <u>\$ 174,513</u>      | <u>\$ 2,511,595</u> |

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, 2017

|                             | Program Services  |                        |                   |                   |                        | Supporting Services    |                        |                        | Total               |
|-----------------------------|-------------------|------------------------|-------------------|-------------------|------------------------|------------------------|------------------------|------------------------|---------------------|
|                             | Metrics           | Education and Outreach | Technology        | Verification      | Awards and Recognition | Total Program Services | Management and General | Membership Development |                     |
| Personnel costs             | \$ 168,827        | \$ 205,644             | \$ 179,653        | \$ 195,432        | \$ 63,611              | \$ 813,167             | \$ 168,210             | \$ 113,450             | \$ 1,094,827        |
| Professional fees           | 277,261           | 31,189                 | 184,455           | 26,480            | 4,594                  | 523,979                | 12,954                 | 7,658                  | 544,591             |
| Depreciation                | 13,272            | 17,080                 | 14,596            | 16,181            | 5,394                  | 66,523                 | 13,966                 | 8,989                  | 89,478              |
| Meetings, events and travel | 38,165            | 50,539                 | 32,383            | 36,325            | 9,949                  | 167,361                | 92,120                 | 19,244                 | 278,725             |
| Accounting and legal fees   | -                 | -                      | -                 | -                 | -                      | -                      | 149,576                | -                      | 149,576             |
| Office expenses             | 12,279            | 15,159                 | 13,433            | 14,361            | 7,181                  | 62,413                 | 18,456                 | 8,050                  | 88,919              |
| Rent                        | 15,139            | 19,490                 | 16,655            | 18,464            | 6,154                  | 75,902                 | 15,930                 | 10,258                 | 102,090             |
| Total Expenses              | <u>\$ 524,943</u> | <u>\$ 339,101</u>      | <u>\$ 441,175</u> | <u>\$ 307,243</u> | <u>\$ 96,883</u>       | <u>\$ 1,709,345</u>    | <u>\$ 471,212</u>      | <u>\$ 167,649</u>      | <u>\$ 2,348,206</u> |

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<br>DECEMBER 31, |                            |
|--|-------------------------------------|----------------------------|
|  | <u>2018</u>                         | <u>2017</u>                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                                     |                            |
| Change in net assets   | \$ 162,863                          | \$ 823,074                 |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                                     |                            |
| Depreciation   | 246,001                             | 89,478                     |
| Decrease (increase) in:  |                                     |                            |
| Contributions and grants receivable  | 268,134                             | (316,023)                  |
| Prepaid expenses   | (1,093)                             | (16,569)                   |
| Deposits   | (27,712)                            | -                          |
| Increase (decrease) in:  |                                     |                            |
| Accounts payable and accrued expenses  | (17,087)                            | 115,651                    |
| Deferred rent  | 30,737                              | -                          |
| Deferred leasehold improvement allowance   | 40,204                              | -                          |
| <b>NET CASH PROVIDED BY<br/>    OPERATING ACTIVITIES</b>                                       | <u>\$ 702,047</u>                   | <u>\$ 695,611</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                                     |                            |
| Purchases of fixed assets  | <u>\$ (905,669)</u>                 | <u>\$ (82,260)</u>         |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>   | <u>\$ (905,669)</u>                 | <u>\$ (82,260)</u>         |
| <b>NET (DECREASE) INCREASE IN CASH<br/>AND CASH EQUIVALENTS</b>                                | <u>\$ (203,622)</u>                 | <u>\$ 613,351</u>          |
| <b>CASH AND CASH EQUIVALENTS:</b>  |                                     |                            |
| <b>BEGINNING OF YEAR</b>   | <u>1,328,140</u>                    | <u>714,789</u>             |
| <b>END OF YEAR</b>   | <u><u>\$ 1,124,518</u></u>          | <u><u>\$ 1,328,140</u></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, 2018 AND 2017

### 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:

*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 new scientific information becomes available and to the General Assembly on inclusion of new indicators in the Field to Market® 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®.

*Education & Outreach* - Develops resources to help scale Field to Market's® program and accelerate continuous improvement at the field and landscape levels. This includes developing education materials for use by entities that offer decision support services for growers, as well as information for use by local Fieldprint projects to standardize and identify best practices for engaging with growers that are participating in our program.

*Technology* - Makes recommendations on Field to Market's® current and future technology needs, as well as updates the Fieldprint Calculator algorithms. Oversees maintenance of the Fieldprint Platform, 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 programming interface. It manages policies and protocols related to incoming grower data that includes standards for data storage, sharing, aggregation, and privacy policies.

*Verification* - Oversees the creation, refinement, and publication of governance and process documents that will enhance the credibility and transparency of Field to Market's® programs. This includes establishing processes and protocols to substantiate members' sustainability claims, as well as the data requirements to support these claims. The program also oversees the engagement with any third-party verifiers and ensures ongoing compliance with ISEAL requirements.

# FIELD TO MARKET®: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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

*Harmonization (New program in 2018)* - Oversees efforts to align Field to Market's program with other sustainability programs and standards in the United States and globally. Seeks to ensure that participation in Field to Market's program will enable opportunities for members seeking recognition, equivalency or reporting options with other sustainability standards. Explores similarities and differences with other metrics platforms with an intent to achieve a common measurement framework for U.S. farmers and supply chains.

*Awards & Recognition* - Oversees awards and recognition programs for Field to Market® members and growers, including establishing criteria and a process for selecting winners and communicating these results. This program also develops information about how various recognition opportunities, incentive programs and other value-added opportunities can help growers accelerate continuous improvement in sustainability outcomes.

*Fieldprint Projects (New program in 2018)* - Provides support to Field to Market® members in the implementation of Fieldprint Projects with participating growers and supply chain partners. This program provides opportunities for shared learning, anonymous peer-to-peer benchmarking, education for improving crop production and natural resource management, and demonstration of the value of the Fieldprint Platform in documenting and accelerating continuous improvement in sustainability outcomes.

**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, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Field to Market®, management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of Field to Market®, or by the passage of time. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

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

**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 expects 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 with donor restriction or without donor restriction 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, license income and other miscellaneous income are recognized as revenue when earned.

**In-kind Contributions** - Donated legal and accounting services are recognized when performed at the average hourly rate that would be paid to person in the marketplace based upon their experience and the nature of the services provided.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

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

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

The expenses that are allocated include the following:

| <u>Expenses</u>             | <u>Method of Allocation</u> |
|-----------------------------|-----------------------------|
| Personnel costs             | Time and effort             |
| Professional fees           | Time and effort             |
| Depreciation                | Time and effort             |
| Meetings, events and travel | Time and effort             |
| Office expenses             | Time and effort             |
| Rent                        | Time and effort             |

**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.

**Reclassification** - Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported net assets.

**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, 2018 and 2017.

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 2015 through 2017 are open to such examination.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

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

**New Accounting Pronouncement** - On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Net assets previously reported as unrestricted are now reported as without donor restriction, and net assets previously reported as temporarily restricted are now reported as with donor restriction. Field to Market®, has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 2. **Fixed Assets** - Fixed asset costs, net of accumulated depreciation, at December 31, 2018 and 2017 consisted of the following:

|                                | <u>2018</u>       | <u>2017</u>       |
|--------------------------------|-------------------|-------------------|
| Furniture and equipment        | \$ 15,790         | \$ 5,954          |
| Website and software           | 919,773           | 341,852           |
| Leasehold improvements         | <u>50,882</u>     | <u>--</u>         |
| Subtotal                       | \$ 986,445        | \$ 347,806        |
| Less: accumulated depreciation | <u>(77,623)</u>   | <u>(98,652)</u>   |
| Total fixed assets             | <u>\$ 908,822</u> | <u>\$ 249,154</u> |

Website and software with a cost basis and accumulated depreciation of \$267,031 were disposed of during the year ended December 31, 2018.

Note 3. **Net Assets With Donor Restrictions** - Net assets with donor restrictions were composed of the following at December 31:

|  | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|
| Purpose-Restricted:                      |                   |                   |
| Education and Outreach                   | \$ 62,994         | \$ 38,278         |
| Technology                               | 199,810           | 678,405           |
| Metrics                                  | 5,000             | 35,001            |
| Verification                             | --                | 60,261            |
| Time-Restricted:                         |                   |                   |
| For use in future periods                | <u>50,000</u>     | <u>--</u>         |
| Total net assets with donor restrictions | <u>\$ 317,804</u> | <u>\$ 811,945</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, 2018 and 2017 totaled \$67,050 and \$56,200, respectively.

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Note 5. **Lease Commitment** - On June 7, 2018, Field to Market® entered into a lease agreement, commencing November 1, 2018 through February 28, 2029 for 3,443 square feet of office space, and an improvement allowance of \$45 per square foot. Under the terms of the lease, rental payments will be \$49 per square foot, increasing 2.5% per year. Rent expense (plus a proportionate share of expenses) totaled \$119,525 and \$102,090 for the years ended December 31, 2018 and 2017, respectively. Approximate future minimum lease payments as of December 31, 2018 are as follows:

| <u>Years ending December 31,</u> |                     |
|----------------------------------|---------------------|
| 2019                             | \$ 141,283          |
| 2020                             | 173,634             |
| 2021                             | 177,975             |
| 2022                             | 182,424             |
| 2023                             | 186,985             |
| Thereafter                       | <u>1,043,415</u>    |
| Total                            | <u>\$ 1,905,716</u> |

Note 6. **Prior Period Adjustment** - During 2018, it was discovered that a grant should have been fully released during 2017. As a result, the net assets with donor restrictions decreased by \$58,065 and net assets without donor restrictions increased by \$58,065 in the re-stated 2018 financial statements. There was no change to the overall change in net assets.

Note 7. **Availability and Liquidity** - The following represents Field to Market's® financial assets at December 31, 2018 and 2017:

|   | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| Financial assets at year end:   |                     |                     |
| Cash and cash equivalents   | \$ 1,124,518        | \$ 1,328,140        |
| Grants and contributions receivable   | 208,379             | 476,513             |
| Prepaid expenses  | <u>25,939</u>       | <u>24,846</u>       |
| Total current financial assets  | <u>\$ 1,358,836</u> | <u>\$ 1,829,499</u> |
| Amounts not available to be used within one year:                                   |                     |                     |
| Net assets with donor restrictions  | \$ 317,804          | \$ 811,945          |
| Less net assets with time/purpose restrictions to be met in less than a year        | <u>(317,804)</u>    | <u>(811,945)</u>    |
| Total amounts not available to be used within one year                              | <u>\$ --</u>        | <u>\$ --</u>        |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 1,358,836</u> | <u>\$ 1,829,499</u> |

Field to Market® regularly monitors liquidity required to meet its operating needs and other contractual commitments. Field to Market® has various sources of liquidity at its disposal, including cash and cash equivalents and grants and contributions receivable.

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Note 7. **Availability and Liquidity** (Continued)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Field to Market® considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, Field to Market® operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Note 8. **Subsequent Events** - In preparing the financial statements, Field to Market® has evaluated events and transactions for potential recognition or disclosure through May 21, 2019, the date the financial statements were available to be issued.