

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

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018



Field to Market®

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

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INDEPENDENT AUDITOR'S REPORT

The 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 nonprofit organization, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Field to Market®: The Alliance for Sustainable Agriculture as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Field to Market®: The Alliance for Sustainable Agriculture, as of December 31, 2018, were audited by other auditors whose report dated May 21, 2019 expressed an unmodified opinion on those statements.

UHY LLP

Columbia, Maryland
May 26, 2020

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 428,376	\$ 1,124,518
Contributions and grants receivable	215,600	208,379
Prepaid expenses	<u>33,234</u>	<u>25,939</u>
Total current assets	<u>677,210</u>	<u>1,358,836</u>
OTHER ASSETS		
Property and equipment, net	844,532	908,822
Deposits	<u>44,374</u>	<u>44,374</u>
Total other assets	<u>888,906</u>	<u>953,196</u>
TOTAL ASSETS	<u><u>\$ 1,566,116</u></u>	<u><u>\$ 2,312,032</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 144,249	\$ 407,194
Deferred leasehold improvement allowance	<u>3,955</u>	<u>3,955</u>
Total current liabilities	<u>148,204</u>	<u>411,149</u>
NON-CURRENT LIABILITIES		
Deferred rent	73,878	30,737
Deferred leasehold improvement allowance, net of current portion	<u>32,295</u>	<u>36,249</u>
Total non-current liabilities	<u>106,173</u>	<u>66,986</u>
Total liabilities	<u>254,377</u>	<u>478,135</u>
NET ASSETS		
Without donor restrictions	1,198,828	1,516,093
With donor restrictions	<u>112,911</u>	<u>317,804</u>
Total net assets	<u>1,311,739</u>	<u>1,833,897</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,566,116</u></u>	<u><u>\$ 2,312,032</u></u>

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Membership contributions	\$ 1,924,950	\$ -	\$ 1,924,950	\$ 2,056,000	\$ 50,000	\$ 2,106,000
Grants and sponsorships	37,500	395,000	432,500	-	480,750	480,750
In-kind contributions	62,000	-	62,000	57,473	-	57,473
License income	25,000	-	25,000	25,000	-	25,000
Miscellaneous	6,379	-	6,379	4,640	-	4,640
Interest income	527	-	527	595	-	595
Net assets released from restrictions	599,893	(599,893)	-	1,024,891	(1,024,891)	-
Total revenue and support	2,656,249	(204,893)	2,451,356	3,168,599	(494,141)	2,674,458
Expenses						
Program services	2,239,590	-	2,239,590	1,688,869	-	1,688,869
Supporting services	733,924	-	733,924	822,726	-	822,726
Total expenses	2,973,514	-	2,973,514	2,511,595	-	2,511,595
Change in Net Assets	(317,265)	(204,893)	(522,158)	657,004	(494,141)	162,863
Net Assets, Beginning	1,516,093	317,804	1,833,897	859,089	811,945	1,671,034
Net Assets, Ending	\$ 1,198,828	\$ 112,911	\$ 1,311,739	\$ 1,516,093	\$ 317,804	\$ 1,833,897

See notes to financial statements.

FIELD TO MARKET®:

THE ALLIANCE FOR SUSTAINABLE AGRICULTURE

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

	PROGRAM SERVICES								SUPPORTING SERVICES			TOTAL	
	Metrics	Education and Outreach	Technology	Verification	Harmonization	Awards and Recognition	Fieldprint Projects	Stakeholder Convening	Total Program Services	Management and General	Membership Development		Total Supporting Services
Personnel Costs:													
Salaries	\$ 249,560	\$ 136,690	\$ 168,590	\$ 113,004	\$ 70,198	\$ 42,142	\$ 152,926	\$ 72,614	\$ 1,005,724	\$ 172,680	\$ 90,067	\$ 262,747	\$ 1,268,471
Payroll taxes	19,284	10,562	13,027	8,732	5,424	3,256	11,817	5,611	77,713	13,342	6,960	20,302	98,015
Employee benefits	27,903	15,283	18,850	12,635	7,849	4,712	17,098	8,119	112,449	19,305	10,070	29,375	141,824
Total personnel costs	296,747	162,535	200,467	134,371	83,471	50,110	181,841	86,344	1,195,886	205,327	107,097	312,424	1,508,310
Accounting	-	-	-	-	-	-	-	-	-	81,485	-	81,485	81,485
Advertising and marketing	2,709	30,792	1,830	1,227	762	33,780	6,385	788	78,273	1,860	32,521	34,381	112,654
Depreciation and amortization	7,554	4,138	331,022	3,421	2,125	1,276	4,629	2,198	356,363	5,190	2,726	7,916	364,279
Dues and subscriptions	1,129	546	545	952	5,228	138	497	234	9,269	557	292	849	10,118
Information technology	8,305	4,808	6,135	3,735	2,386	1,389	5,234	6,021	38,013	5,656	4,909	10,565	48,578
In-kind expenses	-	-	-	-	-	-	-	-	-	62,000	-	62,000	62,000
Insurance	1,285	704	868	582	361	217	787	374	5,178	884	464	1,348	6,526
Legal expenses	-	-	-	-	-	-	-	-	-	72,375	-	72,375	72,375
Meetings and events	8,222	7,929	2,683	5,967	-	23,292	1,020	75,544	124,657	33,060	8,448	41,508	166,165
Miscellaneous	-	-	-	-	-	-	-	-	-	2,903	-	2,903	2,903
Office expenses	2,639	1,754	1,783	1,195	742	1,971	1,616	1,705	13,405	1,890	5,825	7,715	21,120
Printing and postage	1,489	1,729	1,006	675	419	252	912	2,408	8,890	1,024	537	1,561	10,451
Professional development	-	-	-	325	-	-	-	-	325	10,156	-	10,156	10,481
Professional fees	15,507	1,390	96,901	-	-	-	33,217	15,548	162,563	6,092	-	6,092	168,655
Rent	35,416	19,398	23,925	16,037	9,962	5,980	21,702	10,305	142,725	24,333	12,782	37,115	179,840
Research	37,297	-	-	-	-	-	-	-	37,297	-	-	-	37,297
Tech/Calculator	-	-	3,488	-	-	-	-	-	3,488	-	-	-	3,488
Travel	11,283	6,320	4,057	3,080	4,729	2,958	8,014	22,817	63,258	19,259	24,272	43,531	106,789
	<u>\$ 429,582</u>	<u>\$ 242,043</u>	<u>\$ 674,710</u>	<u>\$ 171,567</u>	<u>\$ 110,185</u>	<u>\$ 121,363</u>	<u>\$ 265,854</u>	<u>\$ 224,286</u>	<u>\$ 2,239,590</u>	<u>\$ 534,051</u>	<u>\$ 199,873</u>	<u>\$ 733,924</u>	<u>\$ 2,973,514</u>

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	Total Supporting Services	
Personnel Costs:												
Salaries	\$ 192,618	\$ 153,148	\$ 146,184	\$ 103,594	\$ 88,536	\$ 49,535	\$ 60,255	\$ 793,870	\$ 227,254	\$ 90,630	\$ 317,884	\$ 1,111,754
Payroll taxes	13,021	10,353	9,882	7,003	5,985	3,349	4,073	53,666	15,363	6,127	21,490	75,156
Employee benefits	23,733	18,870	18,012	12,764	10,909	6,103	7,424	97,815	27,999	11,167	39,166	136,981
Total personnel costs	229,372	182,371	174,078	123,361	105,430	58,987	71,752	945,351	270,616	107,924	378,540	1,323,891
Accounting	-	-	-	-	-	-	-	-	81,850	-	81,850	81,850
Advertising and marketing	5,920	6,040	3,608	2,775	2,220	5,948	1,642	28,153	8,757	4,628	13,385	41,538
Bad debt	1,425	1,454	869	668	534	1,432	395	6,777	2,109	1,114	3,223	10,000
Depreciation and amortization	44,280	36,900	31,980	24,600	19,680	12,300	12,300	182,040	41,821	22,140	63,961	246,001
Dues and subscriptions	1,388	1,416	846	651	520	1,394	385	6,600	2,052	1,085	3,137	9,737
Fieldprint	2,814	1,293	1,766	125	100	63	106	6,267	214	113	327	6,594
Information technology	6,273	6,401	3,823	2,941	2,353	6,302	1,740	29,833	9,278	4,904	14,182	44,015
Insurance	491	501	299	230	184	493	136	2,334	725	384	1,109	3,443
Legal expenses	-	-	-	-	-	-	-	-	91,293	-	91,293	91,293
Meetings and events	15,516	16,650	5,650	8,509	3,582	5,641	4,739	60,287	52,811	5,957	58,768	119,055
Metrics	44,081	20,261	27,668	1,964	1,571	982	1,666	98,193	3,339	1,768	5,107	103,300
Miscellaneous	1,098	1,120	669	515	412	1,103	305	5,222	1,624	858	2,482	7,704
Office expenses	3,743	3,819	2,281	1,755	1,404	3,760	1,038	17,800	5,536	2,926	8,462	26,262
Printing and postage	1,556	1,588	948	729	584	1,563	432	7,400	2,301	1,216	3,517	10,917
Professional development	1,317	1,344	803	618	494	1,324	366	6,266	1,948	1,030	2,978	9,244
Professional fees	35,926	16,513	22,549	1,601	1,281	800	1,358	80,028	2,722	1,441	4,163	84,191
Rent	21,633	18,028	15,624	12,018	9,615	6,009	6,009	88,936	19,772	10,817	30,589	119,525
Tech/Calculator	28,591	13,142	17,946	1,274	1,019	637	1,080	63,689	2,166	1,147	3,313	67,002
Travel	13,819	14,829	5,032	7,578	3,190	5,024	4,221	53,693	47,035	5,305	52,340	106,033
	<u>\$ 459,243</u>	<u>\$ 343,670</u>	<u>\$ 316,439</u>	<u>\$ 191,912</u>	<u>\$ 154,173</u>	<u>\$ 113,762</u>	<u>\$ 109,670</u>	<u>\$ 1,688,869</u>	<u>\$ 647,969</u>	<u>\$ 174,757</u>	<u>\$ 822,726</u>	<u>\$ 2,511,595</u>

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (522,158)	\$ 162,863
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	364,279	246,001
Decrease (increase) in:		
Contributions and grants receivable	(7,221)	268,134
Prepaid expenses	(7,295)	(1,093)
Deposits	-	(27,712)
Increase (decrease) in:		
Accounts payable and accrued expenses	(262,945)	(17,087)
Deferred rent	43,141	30,737
Deferred leasehold improvement allowance	(3,954)	40,204
	<u>(396,153)</u>	<u>702,047</u>
Cash Flows from Financing Activities		
Purchases of property and equipment	<u>(299,989)</u>	<u>(905,669)</u>
Net Decrease in Cash and Cash Equivalents	(696,142)	(203,622)
Cash and Cash Equivalents, Beginning	<u>1,124,518</u>	<u>1,328,140</u>
Cash and Cash Equivalents, Ending	<u>\$ 428,376</u>	<u>\$ 1,124,518</u>
Supplemental Disclosure:		
Disposal of fully depreciated equipment	<u>\$ -</u>	<u>\$ 267,030</u>

**FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018**

NOTE 1 - NATURE OF THE ORGANIZATION

Organization

Field to Market®: The Alliance for Sustainable Agriculture (Field to Market®) is a nonprofit 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 a common framework for sustainability measurement that farmers and the supply can use to better understand and assess performance at the field, local, state and national levels. Field to Market® offers programs that provide platforms that helps the food and agricultural supply chain benchmark sustainability performance, catalyze continuous improvement and enable brands and retailers to characterize the sustainability of key sourcing regions as well as measure and report the progress against environmental goals.

Program Services

Field to Market®'s program services include the following:

Metrics - Identifies and develops metrics for reporting on and updating 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 and Outreach - Develops resources to help scale Field to Market®'s programs 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 programs.

Technology - Makes recommendations on Field to Market®'s current and future technology needs, as well as updates to 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.

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

NOTE 1 - NATURE OF THE ORGANIZATION (Continued)

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.

Harmonization - 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 and 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 - 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.

Stakeholder Convening - Diverse stakeholders are convened together to facilitate multi-stakeholder collaborations, advance shared learning and drive collective action to advance Field to Market®'s mission and goals. This program area enables Field to Market® to bring together diverse perspectives to co-create strategies to address key opportunities and barriers in scaling sustainable agriculture, including Cross-Sector Dialogues, the Sustainable Agriculture Summit, biannual plenaries, and other non-governance related convenings.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Field to Market® prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenue is recognized when earned and expenses are recorded as incurred.

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants Receivable

Unconditional contributions and grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historic collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on individual credit evaluation and specific circumstances of the parties involved. As of December 31, 2019 and 2018, management has determined that all receivables are collectible within one year and that no allowance for doubtful accounts is necessary.

Property and Equipment

Property and equipment with a useful life of greater than one year and a cost basis of \$1,000 or greater, are reported at a cost and depreciated on the straight-line basis over the estimated useful lives of the assets, ranging from three to seven years. Leasehold improvements are amortized at the lesser of the useful life of the asset or the remaining term of the lease agreement.

Work in process represents costs incurred on the website and software design and development that have not yet been completed and placed in service into service as of December 31, 2019. Depreciation will be recorded on these assets when Field to Market® has substantially completed the work and placed the assets into service.

Repairs and maintenance are expensed when incurred. When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss included in the statements of activities.

Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Field to Market® 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 Field to Market®. These net assets may be used at the discretion of management and/or the Board of Directors.

**FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions - Net assets with donor restrictions consists of assets whose use is limited by donor-imposed time and/or purpose restrictions. Field to Market® reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions are met, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided by maintained permanently (perpetual in nature) while permitting an organization to expend income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. Field to Market® does not have any permanently restricted net assets with donor restrictions.

Revenue Recognition

Membership contributions are classified as contributions, rather than exchange transactions, and are recognized as revenue when received. Membership contributions restricted for operations in the subsequent year are included in with donor restricted revenue.

Grants and sponsorships received, including unconditional promises to give, are reported as revenue in the year notification or cash is received from the donor. Grants and sponsorships are reported as either revenues without donor restrictions or revenues with donor restrictions. Grants and sponsorships with donor-imposed conditions and restrictions that are used for the purpose specified by the donor in the same year as the grant and sponsorship is received are recognized as revenues without donor restrictions. Grant revenue related to exchange transactions is reported when earned. Conditional grants – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Income from licensing revenue is allocated to the license is recognized at a point in time, upon transfer of the license to the customer. Interest income and other miscellaneous income are recognized as revenue when earned.

In-kind contributions consist of donated professional services and are recognized at fair value when received. The amounts reflected in the accompanying financial statements as support are offset by the same amount in expenses. Support is recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

**FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018**

NOTE 2 - 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 statements of activities and functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service.

Supporting services are comprised of management and general and fundraising expenses and include costs that are not directly identifiable with any specific program, but provide for the overall support and direction of Field to Market®. Accordingly, certain overhead expenses have been allocated based on time spent by Field to Market®'s personnel in such functions.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred and are included in advertising and marketing in the statement of functional expenses.

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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Income Taxes

Field to Market® is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code, except taxes on unrelated business income, and is not considered to be a private foundation. No provision for income taxes is required for the years ended December 31, 2019 and 2018 since Field to Market® had no taxable income from unrelated business activities. None of Field to Market®'s tax returns are currently under examination.

Accounting for Uncertain Tax Positions

Field to Market® complies with the accounting standards regarding 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.

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

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

New Accounting Pronouncements Adopted

During 2019, Field to Market® adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

Field to Market® also adopted ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions.

Field to Market® adopted these ASU effective January 1, 2019 using the full retrospective method. No changes were considered necessary to the financial statements upon adoption.

Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, 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 statement 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 judgements in its accounting for a lease arrangement. Adoption of this accounting standard is required for the year ended December 31, 2021, although early adoption is permitted, and is expected to result in additions to Field to Market®'s assets and liabilities for the office leases to the statement of financial position and adding information to the lease disclosures in the notes to the financial statement.

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NOTE 3 - CONTRIBUTIONS AND GRANTS RECEIVABLE

As of December 31, 2019 and 2018, contributions and grants receivable included the following:

	<u>2019</u>	<u>2018</u>
Due in less than 1 year	<u>\$ 215,600</u>	<u>\$ 208,379</u>

During 2019, Field to Market® signed a grant agreement for \$720,000 of which \$360,000 was not recognized as revenue or as a receivable as of December 31, 2019 because qualifying expenditures, conditions and outcomes for the program have not yet been met.

NOTE 4 - PROPERTY AND EQUIPMENT

The cost of property and equipment and the related accumulated depreciation consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Fieldprint Platform website and software	\$ 1,073,569	\$ 919,773
Leasehold improvements	50,882	50,882
Computer equipment	11,832	10,285
Furniture and fixtures	6,586	5,505
Work in process on website and software	<u>142,395</u>	<u>-</u>
	1,285,264	986,445
Less: accumulated depreciation and amortization	<u>(440,732)</u>	<u>(77,623)</u>
Net value of property and equipment	<u>\$ 844,532</u>	<u>\$ 908,822</u>

For the years ended December 31, 2019 and 2018, depreciation and amortization expense totaled \$364,279 and \$246,001, respectively.

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NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were composed of the following at December 31:

	<u>2019</u>	<u>2018</u>
Purpose Restrictions:		
Education and outreach	\$ 22,916	\$ 62,994
Technology	50,000	199,810
Metrics	3,066	5,000
Field print project	25,904	-
Harmonization	5,828	-
Verification	5,197	-
Time restrictions	<u>-</u>	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 112,911</u>	<u>\$ 317,804</u>

NOTE 6 - 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, 2019 and 2018 totaled \$60,299 and \$67,050, respectively, and are included with employee benefits in the statements of functional expenses.

NOTE 7 - LEASE COMMITMENT

Field to Market®'s office lease agreement will expire on February 28, 2029. The agreement specifies for an improvement allowance of \$45 per square foot and rental payments will be \$49 per square foot with 2.5% increase per year which is recorded on a straight-line basis over the entire lease term.

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NOTE 7 - LEASE COMMITMENT (Continued)

Future minimum lease payments are as follows:

Years ending December 31:	
2020	\$ 173,645
2021	177,986
2022	182,436
2023	186,997
2024	191,672
Thereafter	<u>851,811</u>
	<u>\$ 1,764,547</u>

For the years ended December 31, 2019 and 2018, rent expense totaled \$179,840 and \$119,525, respectively.

NOTE 8 - CONCENTRATION OF CREDIT RISK

At various times, Field to Market® has cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation insurance limits. Field to Market® places its cash checking accounts with high credit quality financial institutions and has not experienced any losses in such accounts. Field to Market® believes the organization is not exposed to any significant financial risk.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents Field to Market®'s financial assets which are available to meet general operating expenditures within one year of December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 428,376	\$ 1,124,518
Contributions and grants receivable	<u>215,600</u>	<u>208,379</u>
Total financial assets available within one year	643,976	1,332,897
Less: amounts unavailable for general operations within one year due to:		
Restricted by donors with purpose or time restrictions	<u>(112,911)</u>	<u>(317,804)</u>
Total financial assets available to management for general operations within one year	<u>\$ 531,065</u>	<u>\$ 1,015,093</u>

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NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Field to Market® regularly monitors liquidity required to meet its operating needs and other contractual commitments. 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. Field to Market® operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 26, 2020, which is the date the financial statements are available to be issued. Field to Market® received a loan on April 30, 2020 for \$214,521 from a local bank under the U.S. Small Business Administration Paycheck Protection Program with an interest rate of 1% and due in two years. The loan may be eligible for forgiveness pursuant to the Paycheck Protection Program.

Towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. There have been mandates from federal, state, and local authorities requiring forced closures of non-essential businesses. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction in revenue caused by COVID-19 could result in a reduction in programs and other material financial effects.

Except as previously disclosed, management has determined that there are no other subsequent events which require disclosure.