

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

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020



Field to Market®

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

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-18

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Field to Market®: The Alliance for Sustainable Agriculture
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Field to Market®: The Alliance for Sustainable Agriculture (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Field to Market®: The Alliance for Sustainable Agriculture and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Field to Market®: The Alliance for Sustainable Agriculture's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

UHY LLP

Columbia, Maryland
May 18, 2022

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,408,015	\$ 667,735
Contributions and grants receivable	164,091	280,807
Prepaid expenses	<u>29,836</u>	<u>38,179</u>
Total current assets	<u>1,601,942</u>	<u>986,721</u>
NON-CURRENT ASSETS		
Property and equipment, net	322,192	557,723
Deposits	<u>30,315</u>	<u>30,315</u>
Total non-current assets	<u>352,507</u>	<u>588,038</u>
TOTAL ASSETS	<u>\$ 1,954,449</u>	<u>\$ 1,574,759</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 226,215	\$ 64,842
Deferred leasehold improvement allowance	<u>3,955</u>	<u>3,955</u>
Total current liabilities	<u>230,170</u>	<u>68,797</u>
NON-CURRENT LIABILITIES		
Deferred rent	91,118	84,669
Deferred leasehold improvement allowance, net of current portion	<u>24,386</u>	<u>28,340</u>
Total non-current liabilities	<u>115,504</u>	<u>113,009</u>
Total liabilities	<u>345,674</u>	<u>181,806</u>
NET ASSETS		
Without donor restrictions	1,214,196	1,135,639
With donor restrictions	<u>394,579</u>	<u>257,314</u>
Total net assets	<u>1,608,775</u>	<u>1,392,953</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,954,449</u>	<u>\$ 1,574,759</u>

See notes to financial statements.

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Membership contributions	\$ 1,815,000	\$ 100,000	\$ 1,915,000	\$ 1,979,980	\$ -	\$ 1,979,980
Grants and sponsorships	110,000	650,000	760,000	10,500	415,000	425,500
Government grant	109,644	-	109,644	10,807	-	10,807
Paycheck Protection Program grant revenue	234,015	-	234,015	214,521	-	214,521
In-kind contributions	39,341	-	39,341	47,709	-	47,709
License income	78,500	-	78,500	60,000	-	60,000
Reimbursements and miscellaneous	52,635	-	52,635	7,036	-	7,036
Interest income	131	-	131	120	-	120
Net assets released from restrictions	612,735	(612,735)	-	270,597	(270,597)	-
Total revenue and support	3,052,001	137,265	3,189,266	2,601,270	144,403	2,745,673
EXPENSES						
Program services	2,196,419	-	2,196,419	2,187,912	-	2,187,912
Supporting services	777,025	-	777,025	476,547	-	476,547
Total expenses	2,973,444	-	2,973,444	2,664,459	-	2,664,459
Change in Net Assets	78,557	137,265	215,822	(63,189)	144,403	81,214
Net Assets, Beginning	1,135,639	257,314	1,392,953	1,198,828	112,911	1,311,739
Net Assets, Ending	\$ 1,214,196	\$ 394,579	\$ 1,608,775	\$ 1,135,639	\$ 257,314	\$ 1,392,953

See notes to financial statements.

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	PROGRAM SERVICES								SUPPORTING SERVICES				TOTAL
	Education		Technology	Verification	Harmonization	Awards and Recognition	Accelerator Projects	Stakeholder Convening	Total	Management and General	Membership Development	Total	
	Metrics	and Outreach							Program Services			Supporting Services	
Personnel Costs:													
Salaries	\$ 194,926	\$ 106,117	\$ 158,455	\$ 121,782	\$ 58,907	\$ 29,520	\$ 126,901	\$ 204,669	\$ 1,001,277	\$ 202,071	\$ 77,042	\$ 279,113	\$ 1,280,390
Payroll taxes	15,407	8,388	12,525	9,626	4,656	2,333	10,030	16,177	79,142	15,972	6,090	22,062	101,204
Employee benefits	21,884	11,914	17,790	13,672	6,613	3,315	14,247	22,978	112,413	22,686	8,649	31,335	143,748
Total personnel costs	232,217	126,419	188,770	145,080	70,176	35,168	151,178	243,824	1,192,832	240,729	91,781	332,510	1,525,342
Accounting	-	-	-	-	-	-	-	-	-	72,337	-	72,337	72,337
Advertising and marketing	21,344	18,314	11,665	4,319	2,089	38,733	14,001	8,109	118,574	6,882	40,409	47,291	165,865
Depreciation and amortization	4,487	2,443	368,045	2,804	1,356	679	2,921	4,712	387,447	4,467	1,774	6,241	393,688
Dues and subscriptions	742	213	164	126	5,098	30	131	211	6,715	200	420	620	7,335
Information technology	5,944	3,547	17,627	3,586	1,632	1,030	3,727	5,882	42,975	5,374	4,239	9,613	52,588
In-kind expenses	-	-	-	-	-	-	1,047	-	1,047	38,294	-	38,294	39,341
Insurance	1,042	567	847	651	315	158	678	1,094	5,352	1,037	412	1,449	6,801
Legal expenses	-	-	-	-	-	-	1,112	-	1,112	31,097	-	31,097	32,209
Meetings and events	1,342	6,441	-	1,042	72	13,804	5,852	31,289	59,842	14,422	2,217	16,639	76,481
Miscellaneous	2,000	-	-	-	-	-	-	2,500	4,500	1,107	-	1,107	5,607
Office expenses	1,659	586	708	672	325	163	701	4,687	9,501	1,369	425	1,794	11,295
Printing and postage	898	489	730	561	271	136	585	1,605	5,275	894	355	1,249	6,524
Professional development	220	-	1,545	1,560	-	-	-	-	3,325	3,913	-	3,913	7,238
Professional fees	9,014	-	81,164	149	-	-	65,750	16,500	172,577	161,921	-	161,921	334,498
Rent	33,339	18,150	27,102	20,829	10,075	5,049	21,705	35,006	171,255	33,416	13,177	46,593	217,848
Travel	-	1,993	184	-	482	1,066	-	10,365	14,090	925	3,432	4,357	18,447
Total expenses	\$ 314,248	\$ 179,162	\$ 698,551	\$ 181,379	\$ 91,891	\$ 96,016	\$ 269,388	\$ 365,784	\$ 2,196,419	\$ 618,384	\$ 158,641	\$ 777,025	\$ 2,973,444

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	PROGRAM SERVICES								SUPPORTING SERVICES				TOTAL
	Metrics	Education	Technology	Verification	Harmonization	Awards and	Accelerator	Stakeholder	Total	Management	Membership	Total	
		and Outreach				Recognition	Projects	Convening	Program Services	and General	Development	Supporting Services	
Personnel Costs:													
Salaries	\$ 227,086	\$ 101,785	\$ 163,871	\$ 135,802	\$ 124,248	\$ 45,308	\$ 200,366	\$ 98,619	\$ 1,097,085	\$ 148,567	\$ 66,550	\$ 215,117	\$ 1,312,202
Payroll taxes	17,490	7,839	12,621	10,459	9,570	3,490	15,432	7,596	84,497	11,442	5,126	16,568	101,065
Employee benefits	26,294	11,786	18,975	15,724	14,387	5,246	23,200	11,419	127,031	17,202	7,706	24,908	151,939
Total personnel costs	270,870	121,410	195,467	161,985	148,205	54,044	238,998	117,634	1,308,613	177,211	79,382	256,593	1,565,206
Accounting	-	-	-	-	-	-	-	-	-	79,586	-	79,586	79,586
Advertising and marketing	6,930	12,513	2,262	2,019	1,849	36,575	5,944	3,286	71,378	2,088	4,824	6,912	78,290
Depreciation and amortization	6,721	3,013	354,970	4,019	3,677	1,341	5,737	2,919	382,397	4,161	1,970	6,131	388,528
Dues and subscriptions	661	231	189	169	5,155	56	241	598	7,300	174	83	257	7,557
Information technology	6,318	3,409	16,821	3,571	3,281	1,191	10,920	3,084	48,595	3,698	3,693	7,391	55,986
In-kind expenses	-	-	-	-	-	-	19,839	-	19,839	27,870	-	27,870	47,709
Insurance	1,212	543	812	725	663	242	1,034	526	5,757	751	355	1,106	6,863
Legal expenses	-	-	-	-	-	-	19,839	-	19,839	17,373	-	17,373	37,212
Meetings and events	425	463	395	-	38	476	746	1,325	3,868	9,085	679	9,764	13,632
Miscellaneous	-	-	-	-	-	-	-	-	-	10,495	-	10,495	10,495
Office expenses	4,708	4,760	1,622	1,129	1,065	421	1,960	851	16,516	1,265	1,577	2,842	19,358
Printing and postage	1,009	452	677	603	552	201	861	546	4,901	625	295	920	5,821
Professional development	-	-	-	-	-	-	-	-	-	1,823	-	1,823	1,823
Professional fees	-	-	62,968	-	-	-	-	20,042	83,010	4,129	-	4,129	87,139
Rent	39,328	17,628	26,353	23,519	21,518	7,847	33,569	17,079	186,841	24,355	11,525	35,880	222,721
Research	5,500	-	6,450	-	-	-	-	-	11,950	-	-	-	11,950
Tech/Calculator	-	-	4,166	-	-	-	-	-	4,166	-	-	-	4,166
Travel	1,668	1,735	1,517	392	1,921	-	4,742	967	12,942	3,703	3,772	7,475	20,417
Total expenses	\$ 345,350	\$ 166,157	\$ 674,669	\$ 198,131	\$ 187,924	\$ 102,394	\$ 344,430	\$ 168,857	\$ 2,187,912	\$ 368,392	\$ 108,155	\$ 476,547	\$ 2,664,459

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 215,822	\$ 81,214
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	393,688	388,528
Decrease (increase) in assets:		
Contributions and grants receivable	116,716	(65,207)
Prepaid expenses	8,343	(4,945)
Deposits	-	14,059
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	161,373	(79,407)
Deferred rent	6,449	10,791
Deferred leasehold improvement allowance	(3,954)	(3,955)
	<u>898,437</u>	<u>341,078</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	<u>(158,157)</u>	<u>(101,719)</u>
Net Increase in Cash and Cash Equivalents	740,280	239,359
Cash and Cash Equivalents, Beginning	<u>667,735</u>	<u>428,376</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,408,015</u>	<u>\$ 667,735</u>

**FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

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 agricultural supply chain 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 help the food and agricultural supply chain benchmark sustainability performance, that catalyze continuous improvement, and that 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 Accelerator projects to standardize and identify best practices for engaging with growers who 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, 2021 and 2020

NOTE 1 - NATURE OF THE ORGANIZATION (Continued)

Program Services (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.

Accelerator Projects - Provides support to Field to Market® members in the implementation of Accelerator 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, Working Groups (e.g., Innovative Finance Workgroup) and other non-governance related convenings.

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Field to Market® have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), whereby revenue is recognized when the performance obligation is met and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in accordance with GAAP in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates and be affected by the severity and duration of the COVID-19 pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

Contributions and Grants Receivable

Contributions and grants receivable consist of unconditional promises to give and are recorded at the earlier of the date received or the date of receipt of a donor's non-contingent promises or pledge. Unconditional promises to give that are expected to be collected in one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The discount will be recognized as contribution revenue in future fiscal years as the discount is amortized over the duration of the contributions.

Annually, management determines if an allowance for doubtful account 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. Based on management's evaluation of and expectation to collect receivables within one year, no allowance for doubtful accounts was deemed necessary as of December 31, 2021 and 2020.

Property and Equipment

Property and equipment, with a useful life of greater than one year and a cost basis of \$5,000 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.

**FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Work in process represents costs incurred on the website and software design and development that have not yet been completed and placed into service. 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 contributions with 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 without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

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 be 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.

See Note 5 for more information on the composition of net assets with donor restrictions.

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Membership and license contributions are classified as contributions, rather than exchange transactions, and are recognized as revenue when received. Membership and license contributions restricted for operations in the subsequent year are included in 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 the performance obligation is met.

Conditional contributions for which the conditions have been substantially met or explicitly waived by the donor are recorded as contribution revenue. Contributions that are restricted by the donor are reported as a refundable advance until all conditions are substantially met to remove the restriction.

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. All donated services were utilized by Field to Market®'s programs and supporting services.

Miscellaneous and interest income are recognized as revenue when the performance obligation is met.

Expense Allocation

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require an allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort except for direct costs associated with specific programs, which are recorded as expenses for the program benefited.

**FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Field to Market® expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2021 and 2020 totaled \$9,776 and \$15,785, respectively, and are included in advertising and marketing in the statements of functional expenses.

Income Taxes

Field to Market® is exempt from federal and state income taxes (except on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes has been recorded for the years ended December 31, 2021 or 2020, since Field to Market® had no taxable income from unrelated business activities.

The income tax positions taken by Field to Market® for any years open under the various statutes of limitations are that Field to Market® continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. Field to Market® believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of Field to Market®'s federal or state income tax returns are currently under examination.

Accounting Pronouncements Not Yet Adopted

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU changes the accounting treatment for operating leases by recognizing both a lease asset and a lease liability, at the present value of the lease payments, in the statement of financial position. Additional disclosures regarding key information about the leasing arrangements will also be required. FASB also issued ASU 2019-10, which deferred the effective date until the year ended December 31, 2022, when Field to Market® plans to adopt the ASU.

NOTE 3 - CONTRIBUTIONS AND GRANTS RECEIVABLE

As of December 31, 2021 and 2020, contributions and grants receivable were \$164,091 and \$280,807, which were due in less than one year, respectively.

During 2021, Field to Market® signed a grant agreement for \$760,000 of which \$385,000 was not recognized as revenue or as a receivable as of December 31, 2021 because qualifying expenditures, conditions, and outcomes for the program have not yet been met.

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 4 - PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Fieldprint Platform website and software	\$ 1,475,840	\$ 1,303,178
Leasehold improvements	50,882	50,882
Furniture and fixtures	18,418	18,418
Work in process on website and software	<u>-</u>	<u>14,505</u>
	1,545,140	1,386,983
Less: accumulated depreciation and amortization	<u>(1,222,948)</u>	<u>(829,260)</u>
Net value of property and equipment	<u>\$ 322,192</u>	<u>\$ 557,723</u>

For the years ended December 31, 2021 and 2020, depreciation and amortization expense totaled \$393,688 and \$388,528, respectively.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Purpose restrictions:				
Education and outreach	\$ 105,971	\$ 104,667	\$ (128,302)	\$ 82,336
Technology	44,846	18,381	(63,227)	-
Metrics	19,301	25,414	(44,715)	-
Accelerator (formerly Fieldprint)	14,032	50,000	(14,032)	50,000
Harmonization	60,377	-	(60,377)	-
Stakeholder Convening	-	117,010	(67,010)	50,000
Verification	7,787	66,447	(74,234)	-
Management & general	-	135,239	(122,996)	12,243
Membership development	-	132,842	(32,842)	100,000
Time restrictions:				
FFAR grant matching funds	5,000	-	(5,000)	-
Membership dues	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total net assets with donor restrictions	<u>\$ 257,314</u>	<u>\$ 750,000</u>	<u>\$ (612,735)</u>	<u>\$ 394,579</u>

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions consisted of the following at December 31, 2020:

	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Purpose restrictions:				
Education and outreach	\$ 22,916	\$ 155,000	\$ (71,945)	\$ 105,971
Technology	50,000	-	(5,154)	44,846
Metrics	3,066	55,000	(38,765)	19,301
Accelerator (formerly field print)	25,904	70,000	(81,872)	14,032
Harmonization	5,828	75,000	(20,451)	60,377
Verification	5,197	55,000	(52,410)	7,787
Time restrictions:				
FFAR grant matching funds	-	5,000	-	5,000
Total net assets with donor restrictions	<u>\$ 112,911</u>	<u>\$ 415,000</u>	<u>\$ (270,597)</u>	<u>\$ 257,314</u>

NOTE 6 - PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE

Field to Market® received loans for \$234,015 (PPP2) and \$214,521 (PPP1) on April 1, 2021 and April 30, 2020, respectively, from a local bank under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses and nonprofit organizations. The loan bears interest at 1% and matures in two years; however, monthly payments are deferred for ten months after the covered period. The loans are uncollateralized and are fully guaranteed by the Federal Government.

Field to Market® initially recorded the loans as refundable advances and subsequently recognized grant revenue in accordance with guidance for conditional contributions under FASB ASC 958-605; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. For the years ended December 31, 2021 and 2020, Field to Market® has recognized \$234,015 and \$214,521 of the loans as government grant revenue, respectively.

Forgiveness notification for PPP1 loan was received on February 23, 2021, and the entire loan balance and interest were forgiven by both the bank and the SBA. Field to Market® was also notified on October 22, 2021, that the entire PPP2 loan balance and interest was forgiven by the bank and the SBA.

**FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 6 - PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE (Continued)

According to the rules of the SBA, Field to Market® is required to retain PPP Loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Field to Market®'s judgments pertaining to satisfying PPP Loan eligibility or forgiveness conditions, Field to Market® may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 7 - 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, 2021 and 2020 totaled \$62,480 and \$64,843, respectively, and are included with employee benefits in the statements of functional expenses.

NOTE 8 - 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 a 2.5% increase per year, which is recorded on a straight-line basis over the entire lease term.

The agreement requires an initial monthly base rental payment of \$14,059, subject to a 2.5% rate increase on each anniversary of the sublease commencement date. Field to Market® accounts for the escalating payments from the original lease and the abatement by spreading the rent payments as expenses, on a straight-line basis, over the term of the lease resulting in a deferred rent liability.

Future minimum lease payments for years ending December 31 are summarized as follows:

2022	\$ 182,436
2023	186,997
2024	191,672
2025	196,464
2026	201,375
Thereafter	<u>453,973</u>
	<u>\$ 1,412,917</u>

For the years ended December 31, 2021 and 2020, rent expense, including the proportionate share of the building's operating costs and real estate taxes, totaled \$217,848 and \$222,721, respectively.

FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Field to Market®'s financial assets available within one year for general operations from December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,408,015	\$ 667,735
Contributions and grants receivable	<u>164,091</u>	<u>280,807</u>
Total financial assets available within one year	1,572,106	948,542
Less, amounts unavailable for general operations within one year due to:		
Restrictions by donors with purpose restrictions	<u>(294,579)</u>	<u>(257,314)</u>
Total financial assets available to management for general operations within one year	<u>\$ 1,277,527</u>	<u>\$ 691,228</u>

Field to Market® maintains a policy of structuring their financial assets to be available as their general expenditures, liabilities, and other obligations come due. 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. 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 - CONCENTRATIONS

Credit risk

Financial instruments that potentially subject Field to Market® to credit risk include cash deposits with banks in excess of the insurance limitations of the Federal Deposit Insurance Corporation. At times, deposits may exceed federally insured deposit limits. Field to Market® has not experienced any losses and believes it is not exposed to any significant credit risk in cash and cash equivalents.

Major Donors

During the years ended December 31, 2021 and 2020, Field to Market® received grant contributions from one donor, which represented approximately 12% and 13%, respectively, of its total revenue.

Field to Market® has contributions receivable from one donor, which represents 30% and 19% of its grants and contributions receivable, respectively, at December 31, 2021 and 2020.

**FIELD TO MARKET®:
THE ALLIANCE FOR SUSTAINABLE AGRICULTURE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 10 - CONCENTRATIONS (Continued)

Major Donors (Continued)

Field to Market® relies on the support of donors to ensure the continuing operations of the organization. Any significant reduction in funding from donors may impact Field to Market®'s ability to carry out its program and other activities. Historically, Field to Market® has not experienced significant losses related to receivables and, therefore, believes that the credit risk related to these receivables is minimal.

NOTE 11 - COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, and its recurring spikes in caseloads and variants, had a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Field to Market® is closely monitoring its liquidity and is working to minimize the impact of these declines. In response to local and state government mandated business closures, Field to Market® continued operations through remote access for most of 2021 and is returning to the office gradually in 2022.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 18, 2022, which is the date the financial statements are available to be issued. There were no events noted that required adjustments to, or disclosure in, these financial statements.