

**Agriculture and Land-Based  
Training Association**

Financial Statements and  
Supplementary Information

For the Year Ended December 31, 2017



## TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 15
Supplementary Information	
Schedule of Functional Expenses	16

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Agriculture and Land-Based Training Association  
Salinas, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Agriculture and Land-Based Training Association, a nonprofit public benefit corporation, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, 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 Agriculture and Land-Based Training Association as of December 31, 2017, 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.

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Armanino<sup>LLP</sup>  
San Jose, California

November 13, 2019

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION  
Statement of Financial Position  
December 31, 2017

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ASSETS

Current assets	
Cash	\$ 341,194
Accounts receivable ALBA Organics, and program service reimbursements, net of allowance of \$100,000	77,251
Accounts receivable, grants	204,924
Prepaid expenses	15,380
Total current assets	638,749
Property and equipment - net	3,526,409
Other asset	
Investment Salinas Basin	1,000
Total assets	\$ 4,166,158

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 106,450
Accrued payroll liabilities and vacation	29,322
Accrued SEP	19,522
Rental deposits	24,992
Total current liabilities	180,286
Long-term debt	50,000
Total liabilities	230,286
Net assets	
Unrestricted	3,594,692
Temporary restricted	341,180
Total net assets	3,935,872
Total liabilities and net assets	\$ 4,166,158

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

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Statement of Activities

For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support			
Contributions	\$ 18,671	\$ -	\$ 18,671
Non-government grants	62,339	386,179	448,518
Federal and state government grants	510,155	-	510,155
Produce sales - box income	45,919	-	45,919
Program service revenue - grower rents and charges	176,321	-	176,321
Program service revenue - tuition payments	11,597	-	11,597
Reimbursements	214,556	-	214,556
Other income	1,288	-	1,288
Net assets released from restrictions	236,048	(236,048)	-
Total revenues, gains, and other support	1,276,894	150,131	1,427,025
Expenses and losses			
Program services			
Incubator	632,921	-	632,921
Training	348,701	-	348,701
Produce sales	186,959	-	186,959
Management and general	328,916	-	328,916
Fundraising	43,374	-	43,374
Total expenses	1,540,871	-	1,540,871
Loss on sale of property	369,055	-	369,055
Total expenses and losses	1,909,926	-	1,909,926
Change in net assets	(633,032)	150,131	(482,901)
Net assets, beginning of year	4,227,724	191,049	4,418,773
Net assets, end of year	\$ 3,594,692	\$ 341,180	\$ 3,935,872

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

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Statement of Cash Flows

For the Year December 31, 2017

Cash flows from operating activities	
Change in net assets	\$ (482,901)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	71,538
Loss on sale of property	369,055
Changes in operating assets and liabilities	
Accounts receivable, ALBA Organics and program service reimbursements	127,380
Accounts receivable, grants	(14,683)
Other assets	(604)
Accounts payable	38,857
Accrued interest	(10,650)
Accrued SEP	89
Accrued payroll and vacation	1,814
Rental deposits	5,001
Net cash flows provided by operating activities	<u>104,896</u>
Cash flows from investing activities	
Proceeds from sale of property, net of prior year escrow deposit of \$75,000 and expenses of sale totaling \$67,213,	1,122,787
Purchase of investment	(1,000)
Purchase of property and equipment	(23,789)
Net cash flows provided by investing activities	<u>1,097,998</u>
Cash flows from financing activities	
Repayment of long-term debt	<u>(899,999)</u>
Net cash flows used in financing activities	<u>(899,999)</u>
Net increase in cash and cash equivalents	302,895
Cash and cash equivalents, beginning of year	<u>38,299</u>
Cash and cash equivalents, end of year	<u>\$ 341,194</u>
<u>Supplemental disclosure of cash flow information</u>	
Interest paid	<u>\$ 13,122</u>

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

# AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

## Notes to Financial Statements

December 31, 2017

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### 1. Nature of Organization

#### Nature of activities

The Agriculture and Land-Based Training Association ("ALBA") (meaning "dawn" in Spanish) is a nonprofit community based organization founded in 2001. ALBA's mission is to create economic opportunity for limited-resource and aspiring organic farmers through land-based education in the heart of the Salinas Valley. ALBA strives to provide an environment that facilitates open dialogue between conservation and agricultural interests, serving as an example of how sustainable agricultural practices can enhance the preservation of sensitive natural environments.

ALBA carries out its mission at the Rural Development Center ("RDC") in Salinas, California. The RDC is a 110-acre farm that serves as the ALBA headquarters and home of the ALBA program services.

#### Major programs

ALBA's 5 year Farmer Education and Enterprise Development (FEED) program aims to achieve the following: to develop skills to prepare to launch farm businesses and advance careers, establish and grow new organic farms, and to market produce grown in response to growing demand for organic food grown by small farmers. The FEED program achieves its goals as follows:

*Programa Educativo para Pequeños Agricultores (PEPA)* program is for individuals and families that want to start or develop an organic farm, or gain valuable job skills to increase their career opportunities in agriculture. PEPA provides experiential entrepreneurship and job training in small farm management and organic vegetable production. The 10 month curriculum utilizes classroom instruction, hands-on field based training, farmer mentoring, and field trips to give participants the necessary tools and experience to improve their career options. In addition, students group farm and manage a 1-acre practice plot over several growing cycles.

Organic Farm Incubator is a program to help farmers launch and grow their business over four years, learning all aspects of running a farm enterprise under ALBA's supervision and in a reduced-risk environment. In any given year, ALBA hosts approximately 35 farmers, who receive subsidized access to land, equipment and technical assistance as they prepare for their transition to independent farming.

#### Reorganization of ALBA Organics program

ALBA experienced financial difficulties in operating the ALBA Organics produce distribution program. In November 2016 ALBA adopted a new strategy for the ALBA Organics program. ALBA signed a contract with Aggregator, Inc. to function as a network orchestrator for farm-to-shelf marketplace, bringing together small farmers and buyers to achieve economies of scale. As of the contract date ALBA has terminated sales through the ALBA Organics program.

# AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

## Notes to Financial Statements

December 31, 2017

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### 2. Summary of Significant Accounting Policies

#### Basis of presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations.
- *Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of ALBA and/or the passage of time.
- *Permanently Restricted Net Assets* - Net assets subject to donor-imposed restrictions that will be maintained permanently by ALBA. There are currently no permanently restricted net assets.

#### Revenue recognition

Program service fees and reimbursements are recognized when earned. Program service fees and reimbursements and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

#### Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand. Included in cash is cash received with temporary restrictions on use. As of December 31, 2017 cash held with temporary restrictions totaled \$341,180.

#### Accounts receivable - grants

A significant amount of funding for ALBA's programs is through grant funding. Accounts receivable - grants are recorded on the accrual basis and consist of receivables on grants awarded but not yet received. For grants that remit funds on a reimbursed basis the grant receivable is recorded when services are provided or qualifying funds are expended.

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements

December 31, 2017

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2. Summary of Significant Accounting Policies (continued)

Accounts receivable - ALBA Organics (produce sales)

ALBA Organics produce distribution program discontinued sales in November 2016. The program extended credit to its customers primarily located in central California. ALBA recorded accounts receivable from ALBA Organics produce sales on the accrual basis of accounting upon delivery of produce.

Accounts receivable - Program Service Reimbursements

Growers rent and charges; as part of the organic farm incubator program, ALBA provides growers with subsidized access to land, equipment and water. ALBA records rent income for land use and reimbursement income for water and equipment usage.

Reimbursements; as part of the restructure of the ALBA Organics program ALBA signed a contract with Aggrigator, Inc., ALBA records receivables from Aggrigator as ALBA incurs expenses.

Allowance for doubtful accounts

ALBA determines an allowance for doubtful or uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The allowance account as of December 31, 2017 had a balance of \$100,000 which ALBA considers to be adequate at this time based on a review of outstanding accounts receivable balances. Uncollectible accounts will be charged against the allowance account when deemed uncollectable.

Property and equipment

ALBA records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets which range from three to ten years for furniture and equipment, and thirty-nine years for buildings, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term.

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements

December 31, 2017

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2. Summary of Significant Accounting Policies (continued)

Property and equipment (continued)

ALBA reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2017.

Investments

ALBA records investments purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities.

Compensated absences

All employees of ALBA accumulate paid vacations subject to certain caps. Any unused accrued vacation is paid upon termination. Accrued compensated absences are included in accrued payroll and vacation liabilities and totaled \$23,267 as of December 31, 2017.

Income taxes

ALBA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from the California franchise tax under California Revenue and Taxation Code Section 23701(d). ALBA is not classified as a private foundation. ALBA is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS, and related forms with the state of California Franchise Tax Board.

In addition, non-profit entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. ALBA determined it is not subject to unrelated business income tax for the year ended December 31, 2017 and therefore did not file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. For the year ended December 31, 2016, ALBA prepared a return for unrelated business income, to report a portion of ALBA Organics sales as unrelated business income, which resulted in ALBA paying no tax on unrelated business income.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires ALBA to report information regarding its exposure to various tax positions taken by ALBA. Management believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

# AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

## Notes to Financial Statements

December 31, 2017

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### 2. Summary of Significant Accounting Policies (continued)

#### Donated services

Donated services are not recorded unless such services create or enhance non-financial assets or require specialized skills and are so essential that they would be purchased if not provided by donation. No significant contributions of such goods or services were received during the years ended December 31, 2017.

#### Functional allocation of expenses

The cost of providing program services and other activities have been presented on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management estimates.

#### Use of estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported. Accordingly, actual results could differ from those estimates.

### 3. Financial Instruments and Credit Risk

ALBA manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 at each institution. The uninsured cash balance was approximately \$151,000 as of December 31, 2017. ALBA has not experienced any losses in such accounts.

Credit risk associated with grants receivable is considered to be limited because substantial portions of the outstanding amounts are due from governmental agencies, and foundations supportive of our mission. Credit risk for ALBA Organics and program service revenue is high due to the relatively high credit risk profiles associated with the source, risk is managed through program service activities, and is addressed through an allowance for doubtful accounts.

As of December 31, 2017 accounts receivable is concentrated in the following accounts over 10% of total receivables; customer A balance of \$39,967 or 13%, grant agency B \$37,990, or 12%.

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements

December 31, 2017

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4. Property and Equipment

Property and equipment as of December 31, 2017 consisted of the following:

RDC land	\$2,000,000
RDC Building and improvements	1,764,058
Machinery and equipment	632,982
Office and equipment	<u>87,620</u>
	4,484,660
Less: accumulated depreciation	<u>(958,251)</u>
Property and equipment - net	<u>\$3,526,409</u>

Depreciation expense was \$71,538, for the year ended December 31, 2017.

Pursuant to a Financial Assistance Award (FAA) dated February 2, 1999, and transferred to and accepted by ALBA on April 30, 2003, the RDC land and improvements are encumbered by a \$1,000,000 lien held by the Economic Development Administration ("EDA") of the U.S. Department of Commerce. The lien shall terminate and be of no further force and effect twenty years from its effective date of December 19, 2003. Under the terms of the agreement with the EDA, ALBA acknowledges that said debt shall accrue and be due and payable upon any use, transfer, or alienation prohibited by the terms of the FAA. No such prohibited use is anticipated.

5. Investment and Commitment to Contribute Funds

As of December 31, 2017 ALBA has paid a \$1,000 capital investment in Salinas Basin Agriculture Stewardship Group, LLC. (the "Group"). The Group has entered into a Settlement Agreement with the State Water Resources Control Board and the Central Coast Regional Water Quality Control Board and has agreed to fund a replacement drinking water plan for Salinas Valley Basin residents whose groundwater supplies are contaminated with unsafe levels of nitrate and to focus efforts on long-term-solutions. In return, local regulators have agreed to not seek individual enforcement for members of the group participating in a solution.

As a member of the Group ALBA will contribute funds that will be used to supply clean water for certain well water users whose water is above the limits for nitrogen. Members of the Group will pay assessments based on the amount of land that could be potentially affected that they, own, grow on, or ship commodities from. The assessments will also be based on a budget that will incorporate necessary expenditures related to the Settlement Agreement. ALBA contributed \$9,167 in 2017, and that amount is expected to significantly decrease in future years.

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements

December 31, 2017

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6. Short-Term Loans

As of December 31, 2017 ALBA does not have short-term loan agreements.

During 2017 ALBA, through January 6, 2017 close of escrow on the sale of 3M land and improvements, paid off the following short term debt outstanding as of December 31, 2016:

Summary Short-Term Loans at December 31, 2016:

Northern California Community Loan Fund #1	\$700,000
Northern California Community Loan Fund #2	<u>199,999</u>
Total paid off through sale escrow	<u>\$899,999</u>

Short term loan Northern California Community Loan Fund #1

During 2015 ALBA entered into a short-term loan with Northern California Community Loan Fund for a loan amount of \$700,000. The loan was secured by all inventory, accounts, equipment and general intangibles of ALBA. Interest at 6% per annum was due monthly. As of December 31, 2016 ALBA had drawn \$700,000 on the loan. As of December 31, 2017 the loan was paid off.

Short-term loan Northern California Community Loan Fund #2

During 2016 ALBA entered into a second short-term loan with Northern California Community Loan Fund for a loan amount of \$200,000, unpaid principal and interest was due on December 29, 2016. Loan secured by all inventory, accounts, equipment and general intangibles of ALBA. Interest at 6% per annum due monthly. As of December 31, 2016 ALBA had drawn \$199,999 on the loan. As of December 31, 2017 the loan was paid off.

7. Sale of Real Property

The Organization sold real property in a transaction that was handled through a title company escrow that closed on January 6, 2017. The Organization received \$212,138 as a disbursement upon settlement of the escrow. The difference between the \$1,265,000 sales price of the property and the \$212,138 cash received are non-cash investing transactions disbursed by the escrow officer and recorded through escrow as follows:

Sales price	\$1,265,000
Payment of accrued interest	(10,650)
Payment (payoff) of debt	(899,999)
Escrow deposit disbursed to ALBA as of December 31, 2016	(75,000)
Payment of expenses of sale, including real estate commissions	<u>(67,213)</u>
Net cash received	<u>\$ 212,138</u>

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements

December 31, 2017

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8. Long-Term Debt

Rabobank, N.A. Operating Loan

ALBA obtained \$50,000 in financing pursuant to an equity equivalent investment agreement, structured as a loan, with Rabobank N.A. on July 1, 2009. This amount is due with interest at an initial fixed rate of 2%, interest is compounded and due quarterly. At the end of a five-year term it is eligible for renewal for an additional five-year period or may be converted into a grant at the discretion of Rabobank N.A. During the fiscal year ending December 31, 2014, ALBA renewed the loan for another five years. The current due date is June 30, 2019. As of December 31, 2017 the balance on the Operating Loan was \$50,000, ALBA is current on the quarterly interest payments.

The future principal payments of long-term debt as of December 31, 2017 are as follows:

<u>Year Ending December 31,</u>	
2019	<u>\$50,000</u>

9. Temporarily Restricted Net Assets

Temporarily restricted net assets, for program or period, as of December 31, 2017, are as follows:

	<u>Balance</u> <u>January 1, 2017</u>	<u>Additions</u>	<u>Satisfied</u>	<u>Balance</u> <u>December 31, 2017</u>
FEED program	\$ 151,835	\$386,179	\$ 206,834	\$ 331,180
Planning	9,214	-	9,214	-
Strategies for strengthening sustainability	<u>30,000</u>	<u>-</u>	<u>20,000</u>	<u>10,000</u>
	<u>\$ 191,049</u>	<u>\$386,179</u>	<u>\$236,048</u>	<u>\$ 341,180</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors.

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements

December 31, 2017

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10. Conditional Promises to Give

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Conditional promises to give as of December 31, 2017 consist of the future years on multiple year grants. As of December 31, 2017 conditional promises to give not recorded in the financial statements totaled \$16,817. In addition to conditional promises to give, ALBA has exchange transactions, reimbursable government grants totaling \$462,870, which will be recorded as revenue as reimbursable costs are incurred.

11. Risk

ALBA owns property, Rural Development Center, 1700 Old Stage Road, Salinas, California, in a one hundred year flood zone and does not hold flood insurance.

12. Economic Dependency

ALBA is economically dependent on yearly support in the form of grants from federal, state and local governments as well as other nonprofit organizations.

The operations of ALBA, through grant awards, are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

13. Lease Agreements

ALBA leases certain equipment from a financial services company under lease agreements. Monthly scheduled payments as of December 31, 2017 total \$3,876. Minimum annual lease payments to be made by ALBA are as follows:

<u>Year Ending December 31,</u>	
2018	\$31,309
2019	\$10,224

ALBA subleases the equipment to Aggrigator under a one year agreement dated December 2016, with annual renewal options at ALBA's option, to be used by Aggrigator in a farm-to-shelf marketplace, bringing together small farmers and buyers. As of December 31, 2017 ALBA notified Aggrigator that their lease will not be renewed.

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements

December 31, 2017

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14. Retirement Plan

ALBA has two defined contribution retirement plans - a 403(b) plan for employee contributions, and a SEP plan for discretionary ALBA contributions. ALBA has accrued a contribution expense of \$19,522 for the year ended December 31, 2017, based on 5% of eligible compensation.

15. Subsequent Events

ALBA's management has evaluated events and transactions subsequent to December 31, 2017 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through November 13, 2019, the date the financial statements became available to be issued. ALBA had the following subsequent events that require recognition or disclosure in the financial statements for the year ended December 31, 2017.

Subsequent to December 31, 2017 ALBA has started legal proceedings for collection of \$39,968 due for reimbursement costs.

Subsequent to December 31, 2017, Aggrigator, Inc. has terminated use of the ALBA cooler facility. ALBA believes that reduction in revenue will be offset by reduction in expenses.

Legal action against ALBA started after December 31, 2017. ALBA is a party in a legal action arising in the normal course of operations. Management does not expect the ultimate resolution to have a material adverse effect on ALBA's financial position, changes in net assts, or cash flows. However, the outcome may ultimately result in settlements or decisions adverse to ALBA. No amounts have been accrued relating to this matter due to the uncertainty of the outcome.

SUPPLEMENTARY INFORMATION

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION  
Schedule of Functional Expenses  
For the Year Ended December 31, 2017

	Program Services			Management and General	Fundraising	Total Expenses
	Incubator	Training	Produce Sales			
Salaries and wages	\$ 208,379	\$ 103,469	\$ 2,500	\$ 98,068	\$ 29,759	\$ 442,175
Benefits - health	39,261	19,704	2,519	15,663	5,654	82,801
Benefits - SEP retirement contribution	4,388	-	-	13,643	1,488	19,519
Payroll taxes	17,804	9,069	270	8,322	2,530	37,995
Accounting and audit	-	-	-	9,770	-	9,770
Communications	137	1,917	-	2,709	-	4,763
Contractual services	59,877	152,359	3,077	75,217	3,943	294,473
Postage	530	129	10	266	-	935
Equipment expense	1,990	1,059	-	34	-	3,083
Equipment maintenance and rent	9,600	229	9,870	16	-	19,715
Fuel	6,950	-	18,647	-	-	25,597
Insurance	35,691	19,840	18,254	28,319	-	102,104
Legal	-	-	-	1,029	-	1,029
Marketing costs - packing materials/other	9,354	-	32,238	13,028	-	54,620
Materials and supplies	33,848	11,899	303	5,847	-	51,897
Meals and entertainment	647	154	-	1,563	-	2,364
Membership	-	-	-	2,250	-	2,250
Office expense	2,911	1,616	42	5,221	-	9,790
Organic certification	13,301	-	563	593	-	14,457
Permits and fees	7,242	10	50	16,526	-	23,828
Printing and copying, publications	2,959	8,770	20	60	-	11,809
Property tax	3,932	-	-	750	-	4,682
Repairs and maintenance	816	-	-	15	-	831
Telecommunications	7,478	2,165	2,000	4,294	-	15,937
Training and education	1,895	2,371	-	1,769	-	6,035
Travel, lodging and meals	5,783	7,689	-	3,171	-	16,643
Utilities	69,137	95	18,466	1,213	-	88,911
Irrigation system repair and maintenance	1,394	840	-	311	-	2,545
Vehicle maintenance and registration	635	-	3,591	-	-	4,226
Vehicle rent	-	4,311	42,011	5,426	-	51,748
Bad debt	15,000	1,000	32,015	-	-	48,015
Bank fees, charges	-	-	513	1,151	-	1,664
Interest	444	6	-	12,672	-	13,122
Functional expenses before depreciation	<u>561,383</u>	<u>348,701</u>	<u>186,959</u>	<u>328,916</u>	<u>43,374</u>	<u>1,469,333</u>
Depreciation	71,538	-	-	-	-	71,538
Total functional expenses	<u>\$ 632,921</u>	<u>\$ 348,701</u>	<u>\$ 186,959</u>	<u>\$ 328,916</u>	<u>\$ 43,374</u>	<u>\$ 1,540,871</u>