

**AGRICULTURE AND LAND-BASED  
TRAINING ASSOCIATION**

Financial Report

Years ended December 31, 2021 and 2020

DRAFT

## TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3-4
Statement of Activities, 2021	5
Statement of Activities, 2020	6
Statement of Functional Expenses, 2021	7
Statement of Functional Expenses, 2020	8
Statements of Cash Flows	9
Notes to Financial Statements	10-17

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Agriculture and Land-Based Training Association (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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the results of its operations 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinions.

### **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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

## **Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 the Organization'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 the Organization'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.

**TBD**

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

### STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,956,208	\$ 603,802
Accounts receivable, net of allowance	69,949	249,727
Grants receivable, current	651,248	493,917
	<u>2,677,405</u>	<u>1,347,446</u>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Land	2,000,000	2,000,000
Building and improvements	2,097,269	2,097,269
Machinery and equipment	773,026	773,026
Furniture and equipment	120,839	120,839
	<u>4,991,134</u>	<u>4,991,134</u>
Less accumulated depreciation	<u>1,703,197</u>	<u>1,569,293</u>
	3,287,937	3,421,841
Construction in progress	166,467	--
	<u>3,454,404</u>	<u>3,421,841</u>
<b>OTHER ASSETS</b>		
Investment in Salinas Basin	1,000	1,000
Grants receivable, net of discount and allowance	98,000	194,040
	<u>99,000</u>	<u>195,040</u>
	<u>\$ 6,230,809</u>	<u>\$ 4,964,327</u>

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

# AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

## STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 162,320	\$ 169,287
Accrued expenses	72,681	37,492
Current portion of capital lease	2,877	6,863
Deferred revenue	62,041	136,509
Notes payable, current	400,000	--
Refundable advance	--	130,900
Total current liabilities	<u>699,919</u>	<u>481,051</u>
<b>LONG-TERM LIABILITIES</b>		
Rental deposits	38,154	40,363
Capital lease, less current portion	--	2,877
Total liabilities	<u>738,073</u>	<u>524,291</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	4,074,503	3,877,037
Board designated	350,950	50,000
	<u>4,425,453</u>	<u>3,927,037</u>
With donor restrictions	<u>1,067,283</u>	<u>512,999</u>
Total net assets	<u>5,492,736</u>	<u>4,440,036</u>
	<u>\$ 6,230,809</u>	<u>\$ 4,964,327</u>

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

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Support:			
Government grants	\$ 784,342	\$ --	\$ 784,342
Non-government grants	794,275	911,500	1,705,775
Contributions	87,504	--	87,504
PPP loan forgiveness	130,900	--	130,900
	<u>1,797,021</u>	<u>911,500</u>	<u>2,708,521</u>
Total support			
Revenue:			
Program service revenue - grower rents and charges	203,620	--	203,620
Program service revenue - tuition	9,910	--	9,910
Reimbursements	53,670	--	53,670
Product sales	743	--	743
Other income	40,700	--	40,700
Net assets released from restrictions	357,216	(357,216)	--
	<u>665,859</u>	<u>(357,216)</u>	<u>308,643</u>
Total revenue			
	<u>2,462,880</u>	<u>554,284</u>	<u>3,017,164</u>
Total support and revenue			
<b>EXPENSES</b>			
Program services	1,423,936	--	1,423,936
Management and general	484,155	--	484,155
Fundraising	56,373	--	56,373
	<u>1,964,464</u>	<u>--</u>	<u>1,964,464</u>
Total program and support services			
<b>Increase in net assets</b>	498,416	554,284	1,052,700
<b>Net assets, beginning</b>	<u>3,927,037</u>	<u>512,999</u>	<u>4,440,036</u>
<b>Net assets, ending</b>	<u>\$ 4,425,453</u>	<u>\$ 1,067,283</u>	<u>\$ 5,492,736</u>

The notes to financial statements are an integral part of this statement.

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Support:			
Government grants	\$ 665,055	\$ --	\$ 665,055
Non-government grants	450,473	220,000	670,473
Contributions	13,621	--	13,621
Total support	<u>1,129,149</u>	<u>220,000</u>	<u>1,349,149</u>
Revenue:			
Program service revenue - grower rents and charges	198,099	--	198,099
Program service revenue - tuition	3,100	--	3,100
Reimbursements	51,191	--	51,191
Product sales	1,092	--	1,092
Other income	263,512	--	263,512
Net assets released from restrictions	252,634	(252,634)	--
Total revenue	<u>769,628</u>	<u>(252,634)</u>	<u>516,994</u>
Total support and revenue	<u>1,898,777</u>	<u>(32,634)</u>	<u>1,866,143</u>
<b>EXPENSES</b>			
Program services	1,160,841	--	1,160,841
Management and general	497,150	--	497,150
Fundraising	53,563	--	53,563
Total program and support services	<u>1,711,554</u>	<u>--</u>	<u>1,711,554</u>
<b>Increase (decrease) in net assets</b>	187,223	(32,634)	154,589
<b>Net assets, beginning</b>	<u>3,739,814</u>	<u>545,633</u>	<u>4,285,447</u>
<b>Net assets, ending</b>	<u>\$ 3,927,037</u>	<u>\$ 512,999</u>	<u>\$ 4,440,036</u>

The notes to financial statements are an integral part of this statement.

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
<b>EXPENSES</b>				
Salaries and wages	\$ 501,210	\$ 167,239	\$ 43,043	\$ 711,492
Payroll taxes and benefits	148,880	47,582	12,246	208,708
Depreciation	--	133,904	--	133,904
Rent	8,430	--	--	8,430
Utilities	46,847	16,571	--	63,418
Professional fees	7,656	3	--	7,659
Contractual services	496,569	28,304	150	525,023
Travel	17,641	--	--	17,641
Repairs and maintenance	35,648	--	--	35,648
Supplies	106,918	7,545	--	114,463
Insurance	15,408	58,130	934	74,472
Professional development	7,639	--	--	7,639
Dues and subscriptions	22,035	--	--	22,035
Printing	--	3,843	--	3,843
Postage	--	422	--	422
Advertising and communications	4,310	16,903	--	21,213
Bank fees	--	2,674	--	2,674
Bad debt	138	--	--	138
Other	4,607	--	--	4,607
Interest	--	1,035	--	1,035
	\$ 1,423,936	\$ 484,155	\$ 56,373	\$ 1,964,464

The notes to financial statements are an integral part of this statement.

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES</b>				
Salaries and wages	\$ 460,659	\$ 137,522	\$ 39,678	\$ 637,859
Payroll taxes and benefits	131,589	39,284	11,334	182,207
Depreciation	--	139,837	--	139,837
Rent	1,928	--	--	1,928
Utilities	64,476	13,353	--	77,829
Professional fees	--	35,422	--	35,422
Contractual services	306,341	36,176	900	343,417
Travel	29,873	--	--	29,873
Repairs and maintenance	37,838	--	--	37,838
Supplies	67,171	10,136	--	77,307
Insurance	26,563	56,745	1,651	84,959
Professional development	6,682	--	--	6,682
Dues and subscriptions	21,423	--	--	21,423
Printing	--	6,364	--	6,364
Postage	--	846	--	846
Advertising and communications	1,512	15,766	--	17,278
Bank fees	--	1,305	--	1,305
Other	4,786	1,734	--	6,520
Interest	--	2,660	--	2,660
	<u>\$ 1,160,841</u>	<u>\$ 497,150</u>	<u>\$ 53,563</u>	<u>\$ 1,711,554</u>

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

### STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	2021	2020
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS</b>		
<b>FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,052,700	\$ 154,589
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	133,904	139,837
Change in discount of grants receivable	--	(23,840)
Change in allowance for doubtful accounts	(83,240)	--
Forgiveness of Paycheck Protection Loan	(130,900)	--
(Increase) decrease in:		
Accounts receivable	263,018	(167,784)
Grants receivable	(61,291)	3,966
Prepaid expenses	--	2,388
Increase (decrease) in:		
Accounts payable	(6,967)	57,985
Accrued expenses	35,189	17,377
Deferred revenue	(74,468)	136,509
Rental deposits	(2,209)	1,863
Net cash provided by operating activities	1,125,736	322,890
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid to purchase property and equipment	(166,467)	(18,140)
Net cash used by investing activities	(166,467)	(18,140)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from refundable advance	--	130,900
Proceeds from notes payable	400,000	--
Payments of principal on capital lease	(6,863)	(6,709)
Net cash provided by financing activities	393,137	124,191
Net increase in cash and cash equivalents	1,352,406	428,941
Cash and Cash Equivalents, beginning	603,802	174,861
Cash and Cash Equivalents, ending	\$ 1,956,208	\$ 603,802
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 1,035	\$ 2,660

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

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Business:** Agriculture and Land-Based Training Association (“ALBA”), (the Organization) is a nonprofit community-based organization founded in 2001. The Organization mission is to create economic opportunity for limited-resource and aspiring organic farmers through land-based education in the heart of the Salinas Valley. The Organization 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.

**Accounting Policies:** The accounting policy relative to the carrying value of property and equipment is indicated in a caption on the statement of financial position. Other significant accounting policies are:

**Basis of Accounting:** The Organization uses the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Net Assets:** The Organization’s net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors or grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Functional Allocation of Expenses:** The costs of providing program services and other activities have been presented on a functional basis in the statement of activities. Expenses that are attributable to more than one program or supporting function are allocated based on studies of time and effort.

**Use of Estimates:** Preparing the Organization’s financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:** For purposes of the statement of cash flows, cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Grants and Accounts Receivable:** Grants and accounts receivable that are expected to be collected within one year are recorded at net realizable value. Grants and accounts receivable that are expected to be collected in future years are recorded at the present value of their 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 discounts is included in contribution revenue. Grants and accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization 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, 2021 and 2020, had a balance of \$16,760 and \$100,000, respectively which the Organization 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:** The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. All property and equipment are stated at cost, or if donated, at estimated fair value on the date of donation. When property is retired or otherwise disposed of, the cost of the property and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income.

Depreciation is computed on the straight-line method over the useful lives of the assets as follows:

Buildings and improvements	7 to 39 years
Machinery and equipment	5 to 10 years
Furniture and equipment	5 years

Pursuant to a Financial Assistance Award (FAA) dated February 2, 1999 transferred to and accepted by the Organization 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 agreement with the EDA, the said debt shall accrue, be due and payable upon any use, transfer or alienation prohibited by the terms of the FAA. No such prohibited use is anticipated.

**Grants and donations:** Grants and donations that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other restricted revenue is reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Program service fees:** Program service fees represent rental, other income and purchase reimbursements from hosting farmers, who receive subsidized access to land, equipment and water through the Organic Farm Incubator (OFI) program.

**Revenue recognition:** The Organization follows the accrual basis of accounting for revenue recognition. Program service fees and reimbursements are recorded when earned. Conditional promises to give are recognized only after the specified conditions have been substantially fulfilled. Fees, reimbursements, and payments received in advance under conditional promises to give are deferred until the relevant services are provided or expenses are incurred. Unconditional contributions are recognized upon receipt of cash, securities, other assets, or an unconditional promise to give.

**Income taxes:** The Organization is a nonprofit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue code and from state franchise tax under Revenue and Taxation Code Section 23701(d).

The Financial Accounting Standards Board (FASB) has issued guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the positions will be sustained upon examination by the tax authorities. As of December 31, 2021, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**New accounting pronouncement:** In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaced most existing revenue recognition guidance in U.S. GAAP. The change in accounting principle was adopted on January 1, 2020 with no financial statement impact.

**Upcoming accounting pronouncements:** In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases.

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is not expecting a significant impact on the financial statements.

### NOTE 2. AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,956,208	\$ 603,802
Accounts receivable, net of allowance	69,949	249,727
Grants receivable, current portion	<u>651,248</u>	<u>493,917</u>
Total financial assets	2,677,405	1,347,446
Less amounts not available to be used within one year:		
Subject to appropriation and satisfaction of donor restrictions	<u>1,067,283</u>	<u>512,999</u>
Financial assets not available to be used within one year	<u>1,067,283</u>	<u>512,999</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,610,122</u>	<u>\$ 834,447</u>

The Organization regularly monitors liquidity required to meet its operating needs while also striving to maximize the investment of its available funds. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met.

The Organization has a goal to maintain an operating reserve at a minimum of 3 months of average operating expenses. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity routinely and monitors its reserves at least annually. During the years ended December 31, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

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### NOTE 3. GRANTS RECEIVABLE

For the year ended December 31, 2021, grants receivable are collectible as follows:

Receivable in less than one year	\$ 651,248
Receivable in one to five years	100,000
	<u>751,248</u>
Less: Discount to net present value	<u>(2,000)</u>
Total grants receivable	<u>\$ 749,248</u>

For the year ended December 31, 2020, grants receivable are collectible as follows:

Receivable in less than one year	\$ 493,917
Receivable in one to five years	200,000
	<u>693,917</u>
Less: Discount to net present value	<u>(5,960)</u>
Total grants receivable	<u>\$ 687,957</u>

Long-term grants are recorded after discounting to the present value of future cash flows using a discount rate of 3%.

### NOTE 4. PENSION PLANS

The Organization has two defined contribution retirement plans – a 403(b) plan for employee contributions, and a SEP plan for discretionary ALBA contributions. The Organization does not make matching contribution to the 403(b) plan but contributes 5% of eligible participant compensation for the SEP plan. The Organization's total contribution to the SEP plan were \$33,745 and \$26,202 for the years ended December 31, 2021 and 2020, respectively.

### NOTE 5. CONCENTRATION OF CREDIT RISK

The Organization maintains balances in cash and interest-bearing deposit account at one financial institution and, from time to time during the year, the cash balances may be in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). In the event of insolvency by the financial institution, deposits in excess of insured amounts are potentially subject to unrecoverable loss. Uninsured cash balances at December 31, 2021 totaled approximately \$1,258,000.

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

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### NOTE 6. CONCENTRATION OF REVENUE

For the year ended December 31, 2021, approximately 38% of the Organization's total support revenue came from three organizations. At December 31, 2021, a balance of \$81,497 was included in grants receivable from those organizations.

For the year ended December 31, 2020, approximately 21% of the Organization's total support revenue came from two organizations. At December 31, 2020, a balance of \$18,776 was included in grants receivable from those organizations.

### NOTE 7. PAYCHECK PROTECTION PROGRAM

The Organization received \$130,900 in Payroll Protection Program (PPP) funding in May 2020. The terms of the funding agreement indicated that the Organization must utilize the proceeds to fund/offset qualifying expenses over a twenty-four-week period. The terms of the agreement specified that the Organization must repay the principal of the loan back plus interest, which accrues at 1% semi-annually and matures in two years. The loan may be forgiven if the Organization fulfills the agreed to terms. As of December 31, 2020, the loan was recognized as a refundable advance on the statement of financial position. During the year ended December 31, 2021, the Organization received full forgiveness of the loan from the U.S. Small Business Administration (SBA), and the loan was recognized as income in the statement of activities during the year ended December 31, 2021.

### NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

For the year ended December 31, 2021, activity in net assets with donor restrictions was as follows:

	Beginning 12/31/2020	Additions	Satisfied	Ending 12/31/2021
FEED Program	\$ 49,428	\$ 30,000	\$ 45,731	\$ 33,697
Strategies for Strengthening				
Sustainability - Phase II	13,474	--	13,474	--
Food, Land and Water Program	75,584	--	16,946	58,638
LIFT OFF Program	20,861	410,000	57,413	373,448
COVID Small Business Support	11,792	--	11,792	--
El Futuro	--	200,000	--	200,000
Well	25,000	271,500	95,000	201,500
Capital needs	1,860	--	1,860	--
Subject to the passage of time	315,000	--	115,000	200,000
	<u>\$ 512,999</u>	<u>\$ 911,500</u>	<u>\$ 357,216</u>	<u>\$ 1,067,283</u>

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

### NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

For the year ended December 31, 2020, activity in net assets with donor restrictions was as follows:

	Beginning 12/31/2019	Additions	Satisfied	Ending 12/31/2020
FEED Program	\$ 52,300	\$ 40,000	\$ 42,872	\$ 49,428
Strategies for Strengthening Sustainability - Phase II	28,333	--	14,859	13,474
Food, Land and Water Program	45,000	65,000	34,416	75,584
LIFT OFF Program	20,000	15,000	14,139	20,861
COVID Small Business Support Well	--	40,000	28,208	11,792
Capital needs	--	25,000	--	25,000
Subject to the passage of time	400,000	20,000	18,140	1,860
	<u>400,000</u>	<u>15,000</u>	<u>100,000</u>	<u>315,000</u>
	<u>\$ 545,633</u>	<u>\$ 220,000</u>	<u>\$ 252,634</u>	<u>\$ 512,999</u>

### NOTE 9. CAPITAL LEASES

The Organization leases office furniture with an original cost of \$25,819 and accumulated amortization of \$16,878 and \$11,714, as of December 31, 2021 and 2020, respectively. The lease expires in September 2022. The asset and liability under the capital lease is recorded at the lower of present value of the minimum lease payments or fair value of the assets. The asset is amortized over its estimated productive life. Amortization of asset under capital lease is included in depreciation expense.

### NOTE 10. LITIGATION

From time to time, the Organization may become involved in claims and other legal matters arising in the ordinary course of business. Management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on the Organization's financial statements.

### NOTE 11. NOTES PAYABLE

During the year ended December 31, 2021, the Organization signed 3 interest-free promissory note agreements for a total sum of \$400,000 in order to cover short-term funding. All notes were repaid between March and April 2022.

## AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

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### NOTE 12. SUBSEQUENT EVENTS

Management has evaluated its December 31, 2021 and 2020, financial statements for subsequent events through **TBD**, the date of issuance of the financial statements. The Organization is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

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