

**INSTITUTE FOR AGRICULTURE AND
TRADE POLICY AND SUBSIDIARY**

(A Non-Profit Corporation)

**CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024 and 2023**

**INSTITUTE FOR AGRICULTURE AND
TRADE POLICY AND SUBSIDIARY**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

Opinion

We have audited the consolidated financial statements of Institute for Agriculture and Trade Policy (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, 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 audit 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 audit. 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 consolidated 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 consolidated 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 for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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.

CBIZ CPAs P.C.

Minneapolis, Minnesota

June 17, 2025

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 546,097	\$ 409,792
Grants receivable, current portion	1,240,110	370,129
Prepaid expenses	42,282	42,543
Total Current Assets	<u>1,828,489</u>	<u>822,464</u>
Property and Equipment		
Buildings and leasehold improvements	192,472	192,472
Equipment	80,969	58,157
Less accumulated depreciation	<u>(121,196)</u>	<u>(82,591)</u>
Net Property and Equipment	<u>152,245</u>	<u>168,038</u>
Other Assets		
Cash restricted for long-term purposes	-	500
Grants receivable, net of current portion and discount	266,610	25,999
Unemployment trust reserve	45,714	36,245
Investments	1,755,703	1,252,917
Operating lease right-of-use assets	149,704	180,614
Total Other Assets	<u>2,217,731</u>	<u>1,496,275</u>
Total Assets	<u>\$ 4,198,465</u>	<u>\$ 2,486,777</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 58,670	\$ 27,844
Accrued expenses	73,461	52,335
Fiscal agent payable	61,406	56,444
Current portion of operating lease liabilities	43,483	48,174
Total Current Liabilities	<u>237,020</u>	<u>184,797</u>
Operating Lease Liabilities, less current portion above	<u>162,228</u>	<u>198,772</u>
Total Liabilities	<u>399,248</u>	<u>383,569</u>
NET ASSETS		
Net Assets		
Without donor restrictions:		
Undesignated	662,223	644,437
Board designated	781,501	631,133
	<u>1,443,724</u>	<u>1,275,570</u>
With donor restrictions	<u>2,355,493</u>	<u>827,638</u>
Total Net Assets	<u>3,799,217</u>	<u>2,103,208</u>
Total Liabilities and Net Assets	<u>\$ 4,198,465</u>	<u>\$ 2,486,777</u>

See Notes to Financial Statements

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Public support, contributions and grants	\$ 528,845	\$ 3,159,033	\$ 3,687,878	\$ 378,877	\$ 1,233,066	\$ 1,611,943
In-kind contributions	58,702	-	58,702	277,083	-	277,083
Administrative fees	4,500	-	4,500	913	-	913
Honoraria and publications	2,754	-	2,754	4,868	-	4,868
Net investment return	118,000	4,971	122,971	96,816	36,839	133,655
Miscellaneous	(3,209)	-	(3,209)	7,955	-	7,955
Net assets released from restrictions	1,636,149	(1,636,149)	-	1,446,408	(1,446,408)	-
Total Public Support and Revenue	2,345,741	1,527,855	3,873,596	2,212,920	(176,503)	2,036,417
Expenses						
Program services	1,533,779	-	1,533,779	1,459,233	-	1,459,233
Supporting services:						
Management and general	441,512	-	441,512	639,895	-	639,895
Fund raising	202,295	-	202,295	202,763	-	202,763
Total Expenses	2,177,587	-	2,177,587	2,301,891	-	2,301,891
Change in Net Assets	168,154	1,527,855	1,696,009	(88,971)	(176,503)	(265,474)
Net Assets, Beginning of Year	1,275,570	827,638	2,103,208	1,364,541	1,004,141	2,368,682
Net Assets, End of Year	\$ 1,443,724	\$ 2,355,493	\$ 3,799,217	\$ 1,275,570	\$ 827,638	\$ 2,103,208

See Notes to Financial Statements

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2024**

	Total Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fund Raising		
Salaries, taxes and benefits	\$ 1,163,981	\$ 196,110	\$ 162,547	\$ 358,658	\$ 1,522,639
Contracted services	191,044	47,614	20,550	68,164	259,208
Travel	35,049	20,333	1,010	21,343	56,392
Conferences and meetings	5,246	3,921	658	4,579	9,825
Legal and accounting fees	-	152,348	-	152,348	152,348
Building and grounds	56,192	5,603	4,209	9,813	66,005
Office expense	8,160	996	2,795	3,791	11,951
Information technology	14,905	1,375	4,384	5,758	20,663
Insurance, membership and other	29,845	7,932	2,175	10,107	39,952
Depreciation	29,357	5,280	3,967	9,247	38,604
Total expenses	\$ 1,533,779	\$ 441,512	\$ 202,295	\$ 643,808	\$ 2,177,587

See Notes to Financial Statements

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023**

	Total Program Services	Supporting Services			Total
		Management and General	Fund Raising	Total Supporting Services	
Salaries, taxes and benefits	\$ 1,068,113	\$ 183,171	\$ 148,356	\$ 331,527	\$ 1,399,640
Contracted services	194,966	50,148	29,270	79,418	274,384
Travel	50,834	13,312	1,607	14,919	65,753
Conferences and meetings	3,560	381	4,372	4,753	8,313
Legal and accounting fees	-	371,195	-	371,195	371,195
Building and grounds	53,979	5,659	4,308	9,967	63,946
Office expense	15,916	1,555	2,277	3,832	19,748
Information technology	15,177	1,364	5,924	7,288	22,465
Insurance, membership and other	27,739	7,763	2,578	10,341	38,080
Depreciation	28,949	5,347	4,071	9,418	38,367
Total expenses	\$ 1,459,233	\$ 639,895	\$ 202,763	\$ 842,658	\$ 2,301,891

See Notes to Financial Statements

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,696,009	\$ (265,474)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	38,604	38,367
Unrealized (gain) loss on investments	(104,518)	(119,622)
Reinvested dividends and interest	(18,265)	(13,774)
Operating lease expense	30,910	30,858
Changes in operating assets and liabilities:		
Grants receivable	(1,110,594)	249,935
Prepaid expenses	261	3,069
Unemployment trust reserve	(9,469)	3,830
Accounts payable	30,826	(52,487)
Accrued expenses	21,126	1,298
Fiscal agent payable	4,962	(81,562)
Refundable advances	-	(3,500)
Operating lease liabilities	(41,235)	18,009
Net Cash Flows from Operating Activities	<u>538,617</u>	<u>(191,053)</u>
Cash Flows from Investing Activities		
Purchase of investments	(380,000)	-
Purchase of property and equipment	(22,812)	-
Net Cash Flows from Investing Activities	<u>(402,812)</u>	<u>-</u>
Net Increase (Decrease) in Cash	135,805	(191,053)
Cash and Cash Equivalents		
Beginning of Year	<u>410,292</u>	<u>601,345</u>
End of Year	<u>\$ 546,097</u>	<u>\$ 410,292</u>
Supplemental disclosure of cash flow information		
Components of cash and cash equivalents		
Cash and cash equivalents	\$ 546,097	\$ 409,792
Cash restricted for long-term purposes	-	500
	<u>\$ 546,097</u>	<u>\$ 410,292</u>

See Notes to Financial Statements

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Institute for Agriculture and Trade Policy (IATP) was organized under the provisions of Chapter 317, Minnesota Statutes, as a not-for-profit corporation on February 10, 1987. IATP works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems.

IATP formed a not-for-profit corporation, IATPAction, in July 2003 to encourage United States citizens to engage in the democratic process and exercise their right to vote.

Principles of consolidation - The consolidated financial statements include the accounts of IATP and its affiliate, IATPAction (collectively referred to as the Organization). Significant intercompany accounts and transactions have been eliminated.

Description of programs:

IATP is a policy and advocacy organization that works at the intersection of food and economic systems. Our programmatic work is organized in interconnected core areas according to content, relationships with partners and the associated policy decision-makers. The areas are Agriculture & Food Systems, Climate Solutions, and Trade & Governance. In 2024, IATP continued to advance our mission while navigating changing economic conditions and global developments.

Agriculture & Food Systems: IATP is committed to building community-based food systems in Minnesota that give all people access to sufficient, safe, culturally appropriate, and nutritious food while also developing local food supply chains that allow small to mid-scale farmers to access a variety of new markets. IATP is helping to revitalize local economies, give farmers stable and predictable income through the buying power of institutions, like school districts, and supply fresh and healthy local food to students and communities. Our FY 2024 accomplishments included receiving two significant grants and a multi-year Agroecology Fund grant to advance agroecology and climate resilience through research and advocacy. At the state level, we helped secure major legislative wins, including expanded support for the Emerging Farmers office, Farm to School and Early Care, and the Beginning Farmer Tax Credit. We also helped defeat a lawsuit threatening small-to-midsize farmers program by mobilizing MinneAg partners and mini grant recipients to protect it. This year, we published statewide Farm to School and Farm to Early Care surveys and partnered with Hmong organizations to release resources on traditional Hmong foods in early care programs.

Climate Solutions: IATP has fought against the harms of exploitive factory farm systems for decades. We are committed to food and farm systems that serve independent family farmers and workers, rural communities, and human and ecosystem health. In 2024 we also made progress with partners to push the USDA to complete updated rules for the Packers and Stockyards Act. We will continue to push for USDA to finish the last of these PSA rules. As part of our ongoing research into meat and dairy industry climate reporting, we published an overview of global mandatory corporate climate disclosure rules and an analysis of what these rules mean for meat and dairy companies. Through the Animal Agriculture Reform Collaborative's Biogas Working Group, we have supported rural communities raising questions about biogas facilities. We continue to analyze Farm Bill programs to improve conservation outcomes, including our EQIP research, which informed the EQIP Improvement Act expected to be part of the 2025 Farm Bill debate.

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of programs (continued):

Trade & International Food Governance: IATP is committed to trade relationships that support and protect independent farmers, farm workers, rural communities, and the planet. This means transforming trade negotiations to integrate them into other areas of social and environmental policy and ensure they are accountable and transparent. Our trade work is in coalition with U.S. and international partners, opposing the expansion of harmful trade deals and advancing fair trade alternatives. In 2024, we supported Mexico in its trade fight with the U.S. over the proposed ban on genetically engineered white corn and glyphosate. We also worked with partners in Peru and Brazil to respond to the EU's Deforestation Regulation and ensure it reflects local community priorities. In addition, we began developing work with partners on sui generis seed systems to push back against the spread of restrictive U.S. patent laws through trade agreements.

Income tax status - IATP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state law. IATP has been classified as a publicly-supported organization and not a private foundation as defined by the IRC. IATPAction is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code and applicable state law. IATPAction has been classified as a publicly-supported organization and not a private foundation as defined by the IRC.

The Organization reviews and assesses its tax positions taken or expected to be taken in tax returns. Based on this assessment the Organization determines whether it is more likely than not that the position would be sustained upon examination by tax authorities. The Organization's assessment has not identified any significant positions that it believes would not be sustained under examination.

The Organization has identified its tax status as a tax exempt entity as its only significant tax position and has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction.

The Organization files Form 990 in the U.S. federal jurisdiction and the State of Minnesota. The Organization is generally no longer subject to examination by the Internal Revenue Service three years after the date of filing, including extensions.

Financial statement presentation - The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly net assets of the organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets available for general use and not subject to donor-imposed restrictions. These may be used at the discretion of the Organization's management and board of directors. Designated amounts represent those revenues which the Board has set aside for a particular purpose.

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial statement presentation (continued) –

- Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or by actions of the Organization. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Going concern – Management assesses the Organization’s ability to continue as a going concern and provides related disclosures in certain circumstances. Substantial doubt about an entity’s ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. Management has determined there is not substantial doubt about the Organization’s ability to continue as a going concern.

Contributions and grants - The Organization recognizes contributions and grants as revenue when they are received or unconditionally pledged.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. The Organization records conditional contributions received in advance of conditions being met as refundable advances.

Contributions received and net investment return (loss) are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Revenue from government grant and contract agreements, which are generally considered to be conditional non-exchange transactions are recognized when qualifying expenditures are incurred and conditions under the agreements are met.

Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the determination is made.

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

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents - The Organization considers cash in demand deposit accounts and temporary investments purchased with an original maturity of three months or less to be cash equivalents. Cash and money market funds held as a portion of the Organization's investments portfolio, are classified as long-term assets and are not considered to be cash equivalents for purposes of the statement of cash flows. The Organization maintains cash balances which were derived from donor restricted endowment contributions in perpetuity. As such, these balances are classified separately as noncurrent assets. The Organization maintains its cash and cash equivalents with high credit quality financial institutions. From time to time, the Organization's balances in its bank accounts may exceed Federal Deposit Insurance Corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. The Organization has not experienced any losses with regards to balances in excess of insured limits or as a result of other concentrations of credit risk.

Investments - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussions of fair value measurements.

Net investment return (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Purchases and sales of investments are reflected on a trade date basis. Realized gains or losses on sales of investments are based on the cost of specifically identified investments. Changes in unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Fair value measurement – US GAAP defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued) – The fair value hierarchy is broken down into three levels of inputs that market participants would use in valuing the asset or liability, which can be summarized as follows:

- Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Quoted prices for similar assets or liabilities.
- Level 3 - Valuations based on inputs that are unobservable, therefore requiring management's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Grants receivable – Contributions are recognized when the donor makes a grant that is, in substance, unconditional. Grants receivable represent amounts committed by donors that have not been received by the Organization. An allowance for doubtful accounts has not been provided for since management expects all grant receivables to be collected.

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, discounted using risk-adjusted interest rates to the years in which the promises are to be received. Grants receivable that are expected to be collected in more than one year are discounted at a rate of 4.3%.

Insurance – The Organization uses a combination of insurance and self-insurance mechanisms, including participation in an unemployment trust, to provide for liabilities for certain risks. Reserve balances attributable to the Organization in the unemployment services trust were \$45,714 and \$36,245 at December 31, 2024 and 2023, respectively.

Property and equipment - The Organization capitalizes all expenditures of property and equipment with a useful life of greater than one year, and a cost in excess of \$1,500 for equipment and \$2,500 for building improvements. Property and equipment are recorded at cost or, in the case of contributed property, at the fair value at the date of contribution. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Expenditures for renewals and improvements are capitalized while the cost of maintenance and repairs is charged to expense as incurred. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed using the straight-line method over estimated useful lives of three to forty years.

Fiscal agency – The Organization receives cash from donors for which it is acting as a fiscal agent, which have not been fully disbursed. As such, these funds have been treated as current liabilities.

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional allocation of expenses – The statements of functional expenses present the natural classification detail of expenses by function. Expenses which apply to more than one function are allocated among the functions to which they apply. The allocation of salary expense is based on the annual budget and managements estimate. Other expenses are allocated by time and effort as a percentage of salary and contracted services expense devoted to that function unless a more direct basis is apparent.

Donated services and materials – Donated materials are recorded as contributions at their estimated fair market value in the period received. Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Leases – The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the Organization's statements of financial position. The Organization has no finance leases. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, it uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of real estate taxes, utilities, common area maintenance, cleaning services, etc. are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organization has elected to apply the short-term lease exemption to all classes of underlying assets.

Risks and uncertainties – The Organization is exposed to various known and unknown risks and uncertainties. Risks include internal and external events and conditions (e.g., pandemics, international conflicts, labor market and supply chain disruption, government mandates, government polices and budget priorities that may impact grant funding, volatile financial markets, etc.) which could impact the operations of the Organization. It is at least reasonably possible that changes could occur in the near term and that such changes could materially affect the results of operations or the Organization's financial position.

Due to the federal government review and potential restructuring of federal funding priorities, there is uncertainty regarding the continuation and amount of future funding from federal sources. This could lead to potential changes in funding, regulatory changes, and political and economic uncertainty, all of which could have an impact on the Organization.

Subsequent events policy - Subsequent events have been evaluated through June 17, 2025, which is the date the financial statements were available to be issued.

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

**NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

(2) LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets available for general expenditure at December 31:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 546,097	\$ 409,792
Grants receivable	1,517,497	398,379
Cash restricted for long-term purposes	-	500
Investments	<u>1,755,703</u>	<u>1,252,917</u>
Total financial assets	<u>3,819,297</u>	<u>2,061,588</u>
Less amounts not available to be used within one year:		
Cash restricted for long-term purposes	-	500
Long term grants receivable	277,387	28,250
Endowment investments	207,855	212,940
Less amount expected to be appropriated for expenditure	(42,800)	(42,400)
Net assets with donor restrictions subject to expenditure for specified purpose or passage of time	2,147,638	614,198
Less net assets with restrictions to be met in less than a year:		
Purpose	(1,280,506)	(591,062)
Time	(867,132)	(23,136)
Net assets designated by the board	<u>781,501</u>	<u>631,133</u>
Total	<u>1,223,943</u>	<u>830,423</u>
Financial assets available for general expenditure within one year	<u>\$ 2,595,354</u>	<u>\$ 1,231,165</u>

The Organization is substantially supported by restricted contributions. Because donors' restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditure within a single year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

(3) CONDITIONAL PROMISES TO GIVE

Conditional promises to give are not recognized as revenue or as a receivable until such amounts become unconditional.

Conditional promises to give at December 31, 2024 and 2023, consist of promises to:

	<u>2024</u>	<u>2023</u>
Enhance the competitiveness of Minnesota's specialty crop industries	\$ 78,647	\$ 118,710
Support partnerships that develop and strengthen local and regional food systems	30,568	-
Assist in the fueling of advocates initiative	9,994	16,500
Communicate remaking of the Global Trade System for a sustainable future project on food security and waste	-	2,500
Climate Solutions	-	9,031
Advance state and federal policy to catalyze the powerful climate solutions offered by sustainable and organic agriculture	3,000	-
Promote fair trade policies supporting farmers, workers, communities, and the environment while opposing harmful deals	-	10,909
Total	<u>\$ 122,209</u>	<u>\$ 157,650</u>

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**NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

(4) FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2024 and 2023 are as follows:

	Fair value measurements at reporting date using			
	Fair Value	Level 1	Level 2	Level 3
December 31, 2024:				
Money market funds	\$ 154,618	\$ 154,618	\$ -	\$ -
US treasuries	798,361	798,361	-	-
US equities	537,934	537,934	-	-
International equities	264,790	264,790	-	-
Total assets measured at fair value	<u>\$ 1,755,703</u>	<u>\$ 1,755,703</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2023:				
Money market funds	\$ 290,865	\$ 290,865	\$ -	\$ -
US treasuries	318,009	318,009	-	-
US equities	423,199	423,199	-	-
International equities	220,844	220,844	-	-
Total assets measured at fair value	<u>\$ 1,252,917</u>	<u>\$ 1,252,917</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies used for assets measured at fair value. All assets have been valued using a market approach. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Money market funds: Valued at the closing price reported on the active market on which the individual securities are traded.

US treasuries: Valued based on quoted market prices on the active market in which the individual securities are traded.

US and international equities: Valued at the net asset value (NAV) of shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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**NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

(5) NET ASSETS

The net assets are summarized as follows as of December 31, 2024:

Detail of Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	\$ 662,223	\$ -	\$ 662,223
Board designated - financial stability	781,501	-	781,501
Restricted for specific purposes:			
Trade, technology and global governance	-	546,485	546,485
Climate and rural development	-	509,617	509,617
Community food systems	-	161,250	161,250
Mini-grants	-	20,000	20,000
Communications	-	43,154	43,154
Subject to the passage of time	-	867,132	867,132
Endowment funds restricted in perpetuity:			
Original gifts to endowment	-	125,000	125,000
Accumulated investment return (loss)	-	82,855	82,855
	<u>\$ 1,443,724</u>	<u>\$ 2,355,493</u>	<u>\$ 3,799,217</u>

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

**NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

(5) NET ASSETS (CONTINUED)

The net assets are summarized as follows as of December 31, 2023:

Detail of Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	\$ 644,437	\$ -	\$ 644,437
Board designated - financial stability	631,133	-	631,133
Restricted for specific purposes:			
Trade, technology and global governance	-	241,939	241,939
Climate and rural development	-	293,427	293,427
Mini-grants	-	3,867	3,867
Community food systems	-	35,900	35,900
Communications	-	15,929	15,929
Subject to the passage of time	-	23,136	23,136
Endowment funds restricted in perpetuity:			
Original gifts to endowment	-	125,000	125,000
Accumulated investment return (loss)	-	88,440	88,440
	<u>\$ 1,275,570</u>	<u>\$ 827,638</u>	<u>\$ 2,103,208</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of the passage of time, or by the occurrence of other events specified by donors. Net assets released from restriction for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Purpose restriction accomplished:		
Trade, technology and global governance	\$ 391,644	\$ 278,948
Climate and rural development	502,302	459,813
Community food systems	167,732	199,526
Mini-grants	20,000	20,050
Communications	41,349	56,306
Endowment appropriation for operations	10,556	11,127
Expiration of specified time period	502,566	420,638
Total restrictions accomplished	<u>\$ 1,636,149</u>	<u>\$ 1,446,408</u>

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(6) ENDOWMENTS

Interpretation of relevant law - The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence described by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

**NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

(6) ENDOWMENTS (CONTINUED)

Endowment composition and changes in endowment net assets

Endowment net asset composition by type of fund as of December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted	\$ -	\$ 207,855	\$ 207,855
Total endowment net assets	<u>\$ -</u>	<u>\$ 207,855</u>	<u>\$ 207,855</u>
Reconciliation to assets:			
Investments			<u>\$ 207,855</u>

Endowment net asset composition by type of fund as of December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted	\$ -	\$ 213,440	\$ 213,440
Total endowment net assets	<u>\$ -</u>	<u>\$ 213,440</u>	<u>\$ 213,440</u>
Reconciliation to assets:			
Investments			\$ 212,940
Cash restricted for long-term purposes			500
			<u>\$ 213,440</u>

Changes in endowment net assets for the year ended December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 213,440	\$ 213,440
Earnings appropriated to support operations	-	(10,556)	(10,556)
Investment return	-	4,971	4,971
	<u>\$ -</u>	<u>\$ 207,855</u>	<u>\$ 207,855</u>

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

**NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

(6) ENDOWMENTS (CONTINUED)

Endowment composition and changes in endowment net assets

Changes in endowment net assets for the year ended December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 187,729	\$ 187,729
Earnings appropriated to support operations	-	(11,127)	(11,127)
Investment return (loss)	-	36,838	36,838
	<u>\$ -</u>	<u>\$ 213,440</u>	<u>\$ 213,440</u>

The Organization has adopted investment and spending policies for endowment assets that attempt to maximize income with some focus on moderate growth. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor or board-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that generate income to fund operations each year, while obtaining some long-term growth. To achieve investment objectives, the Organization has adopted long-term strategic asset allocation guidelines as follows: investments will consist of between 60% and 80% equities and between 20% and 40% fixed income investments.

The Organization's current strategy is to maintain funding in lower risk accounts to mitigate the risk of investment losses while providing income to fund the Organization's mission. The target rate of draws allocated for support of operations is 5% per year based on a sixteen quarter rolling average of the endowment's market value. The payout is subject to approval by the Board of Directors and will be released for operations on an annual basis following the end of the calendar year.

The Organization has a policy of appropriating certain funds in excess of the original endowed gift to use to support operations. In establishing this policy, the Organization considered the stipulations of the endowment as needing to maintain financial assets in the original amount of the endowment gifts. Any assets in excess of original gift balances which have not been appropriated to support operations by the Board are classified as net assets with donor restrictions until appropriated. Unless subject to donor restrictions, the board retains the ability to increase or reduce appropriations due to the specific needs of the Organization, including the policy to permit spending from underwater endowment funds.

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

**NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

(7) LEASES

The Organization leases office space, under an operating lease, which expires in April 2029 with base monthly payments of approximately \$4,000. In addition, the Organization leases office space in Washington, D.C. and Berlin, Germany under operating leases that have expired. The spaces continue to be leased on a month-to-month basis after the leases expired. The Organization also leased certain equipment under an agreement that expired in December 2023.

The components of operating lease expense are as follows:

	Year Ended December 31,	
	2024	2023
Operating lease costs	\$ 38,000	\$ 38,000
Short-term lease costs	25,000	23,000
Total operating lease costs	<u>\$ 63,000</u>	<u>\$ 61,000</u>

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	<u>\$ 48,000</u>	<u>\$ 47,000</u>
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Weighted average remaining lease term (in years):

Operating leases	<u>4.3</u>	<u>5.3</u>
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Weighted average discount rate:

Operating leases	<u>3.0%</u>	<u>3.0%</u>
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Future minimum lease payments due under the operating lease are as follows:

<u>Years Ending December 31,</u>		
2025		\$ 49,000
2026		50,000
2027		51,000
2028		52,000
2029		18,000
Total future minimum operating lease payments		<u>\$ 220,000</u>
Less imputed interest		<u>(14,000)</u>
Total		<u>\$ 206,000</u>

INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND SUBSIDIARY

**NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

(8) IN-KIND CONTRIBUTIONS

The Organization's policy related to in-kind contributions is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold, if possible, depending on the type of asset.

For the year ended December 31, 2024 and 2023, the Organization received legal services at no cost with an estimated market value of \$59,000 and \$277,000, respectively. The legal services provided were for management and general activities of the Organization. All in-kind contributions received by the Organization were considered without donor restrictions.

(9) RETIREMENT PLAN

The Organization sponsors a 403(b) plan into which employees may make voluntary elective deferrals. The Organization may provide a flat Board-approved amount to all eligible employees. In addition, the Organization will match 100% of employees' contributions on the first 2% of compensation during the plan year. The contributions made by the Organization for the year ended December 31, 2024 and 2023 were \$20,782 and \$17,928, respectively.

(10) CONCENTRATION OF REVENUE

For the years ended December 31, 2024 and 2023, approximately 53% and 49% of the Organization's public support and revenue was received from four donors, respectively.