

**AGRARIAN LAND TRUST AND AFFILIATES**

**AUDITED CONSOLIDATED FINANCIAL  
STATEMENTS**

**YEAR ENDED DECEMBER 31, 2021**

# Agrarian Land Trust and Affiliates

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## **Independent Auditor's Report**

Board of Directors  
**Agrarian Land Trust**  
Weare, New Hampshire

### ***Opinion***

We have audited the accompanying consolidated financial statements of **Agrarian Land Trust and Affiliates** (a nonprofit organization), which comprise the Consolidated Statement of Financial Position as of December 31, 2021, and the related Consolidated Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **Agrarian Land Trust and Affiliates** as of December 31, 2021, and the changes in their net assets and their cash flows for the year 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Agrarian Land Trust and Affiliates** 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 consolidated 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 **Agrarian Land Trust and Affiliates'** ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## Independent Auditor's Report (Continued)

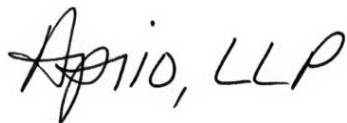
### *Auditor's Responsibilities for the Audit of the Financial Statements*

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 consolidated 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 **Agrarian Land Trust and Affiliates'** 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Agrarian Land Trust and Affiliates'** 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.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, stylized font.

Rockville, Maryland  
January 2, 2024

# Agrarian Land Trust and Affiliates

## Consolidated Statement of Financial Position

<i>December 31,</i>	<b>2021</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 691,490
Contributions receivable	187,327
Investments	4,928
Prepaid expenses	10,714
Land	2,675,360
Property and equipment, net	33,493
<b>Total assets</b>	<b>\$ 3,603,312</b>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 28,082
Note payable	120,000
<b>Total liabilities</b>	<b>148,082</b>
<b>Net assets</b>	
Without donor restrictions	2,228,285
With donor restrictions	1,226,945
<b>Total net assets</b>	<b>3,455,230</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,603,312</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

## Agrarian Land Trust and Affiliates

### Consolidated Statement of Activities and Changes in Net Assets

<i>For the Year Ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Contributions and foundation grants	\$ 715,159	\$ 1,763,034	\$ 2,478,193
In-kind contributions	-	578,860	578,860
Investment income	27,335	-	27,335
Other income	1,200	-	1,200
Net assets released from restrictions	1,431,627	(1,431,627)	-
<b>Total support and revenue</b>	<b>2,175,321</b>	<b>910,267</b>	<b>3,085,588</b>
<b>Expenses</b>			
<b>Program services:</b>			
Farmland conservation	367,886	-	367,886
<b>Supporting activities:</b>			
Management and general	136,686	-	136,686
Fundraising	41,148	-	41,148
<b>Total expenses</b>	<b>545,720</b>	<b>-</b>	<b>545,720</b>
<b>Change in net assets</b>	<b>1,629,601</b>	<b>910,267</b>	<b>2,539,868</b>
<b>Net assets, beginning of year</b>	<b>598,684</b>	<b>316,678</b>	<b>915,362</b>
<b>Net assets, end of year</b>	<b>\$ 2,228,285</b>	<b>\$ 1,226,945</b>	<b>\$ 3,455,230</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

## Agrarian Land Trust and Affiliates

### Consolidated Statement of Functional Expenses

	<u>Program</u>		<u>Supporting Activities</u>		<b>Total</b>
	Farmland conservation	Management and general	Fundraising		
<i>For the Year Ended December 31, 2021</i>					
Personnel & payroll	\$ 85,449	\$ 63,640	\$ 21,146	\$	170,235
Professional & contract services	235,039	42,887	15,834		293,760
Facilities and equipment	18,129	1,182	394		19,705
Depreciation	5,117	333	111		5,561
Contribution expenses	6,974	-	-		6,974
Insurance	6,358	415	138		6,911
Taxes and licenses	-	9,222	-		9,222
Interest expense	8,000	-	-		8,000
Miscellaneous expenses	2,820	19,007	3,525		25,352
<b>Total</b>	<b>\$ 367,886</b>	<b>\$ 136,686</b>	<b>\$ 41,148</b>	<b>\$</b>	<b>545,720</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

# Agrarian Land Trust and Affiliates

## Consolidated Statement of Cash Flows

<i>For the Year Ended December 31,</i>	<b>2021</b>
<b>Cash flows from operating activities</b>	
Change in net assets	\$ 2,539,868
<b>Adjustments to reconcile changes in net assets to net cash provided by operating activities</b>	
Depreciation and amortization	5,561
Net realized and unrealized gains on investments	(27,013)
Contributed property and equipment	(578,860)
<b>(Increase) decrease in:</b>	
Contributions receivable	(185,043)
Prepaid expenses	(10,714)
<b>Increase (decrease) in:</b>	
Accounts payable and accrued expenses	26,942
<b>Net cash provided by operating activities</b>	<b>1,770,741</b>
<b>Cash flows from investing activities</b>	
Purchases of property and equipment	(1,416,500)
Proceeds from sales of investments	79,244
<b>Net cash used in investing activities</b>	<b>(1,337,256)</b>
<b>Cash flows from financing activities</b>	
Payments on note payable	(40,000)
<b>Net change in cash and cash equivalents</b>	<b>393,485</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>298,005</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 691,490</b>
<b>Supplemental disclosure of cash flow information</b>	
<b>Cash paid for interest</b>	<b>\$ 8,000</b>
<b>Non-cash investing and financing activities</b>	
<b>Contributed land</b>	<b>\$ 578,860</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.



# Agrarian Land Trust and Affiliates

## Notes to Consolidated Financial Statements

### 1. Organization and significant accounting policies

**Organization:** Agrarian Land Trust (the “Trust” or “ALT”) is a nonprofit organization incorporated in the state of California in 2015. ALT is dedicated to expanding community ownership of farmland, developing legal tools, helping communities hold land, and lease to next-generation farmers on a long term and affordable basis.

ALT established local Agrarian Commons (the “Agrarian Commons”), several community-based nonprofit organizations that operate exclusively for the purpose of owning and preserving agricultural land and agrarian community real estate and real property assets as a title holding corporation. ALT supports Agrarian Commons by fundraising to acquire land. (Note 9)

ALT has both an economic interest and control over the Agrarian Commons entities. Consequently, the consolidated financial statements presented here include the accounts of ALT and the Agrarian Commons entities (together, the “Organization”). All significant intercompany transactions have been eliminated in consolidation.

**Basis of accounting:** These consolidated financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) applicable to not-for-profit organizations.

Net assets and revenues of the Organization are classified based on the existence or absence of donor-imposed restrictions and reported as follows:

**Net assets without donor restrictions** - net assets that are not subject to donor-imposed stipulations.

**Net assets with donor restrictions** - net assets subject to stipulations imposed by donors and 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 assets be maintained in perpetuity. Donor restrictions on donations of land are considered to be perpetual in nature and totaled \$828,860 as of December 31, 2021.

# Agrarian Land Trust and Affiliates

## Notes to Consolidated Financial Statements

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**Cash and cash equivalents:** For purposes of financial statement presentation, the Organization considers all highly liquid debt instruments with initial maturities of ninety days or less to be cash equivalents. The Organization maintains cash balances at one commercial bank, these balances can exceed the FDIC insured deposit limit of \$250,000 per financial institution. At December 31, 2021, the Organization's cash balances held at the commercial bank exceeded the FDIC limit by approximately \$485,000. Management does not believe that this results in any significant credit risk. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

**Contributions receivable:** Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities and Changes in Net Assets. The allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Management believes all receivables are collectible within one year as of December 31, 2021; therefore, there is no provision for doubtful accounts in the accompanying consolidated financial statements.

**Investments:** Investments consist of common stock. Equity securities are stated at fair value based on quoted market prices. Changes in unrealized gains and losses resulting from changes in fair value are reflected in the Consolidated Statement of Activities and Changes in Net Assets. Purchases and sales of investments are recorded on a settlement-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Organization's gains and losses on investments bought and sold as well as held during the year.

**Fair value:** The Organization values its investments in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

# Agrarian Land Trust and Affiliates

## Notes to Consolidated Financial Statements

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Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no changes to the fair value methodologies used at December 31, 2021.

**Land, property and equipment:** Land, property and equipment over \$1,000 is recorded at the original cost or fair value at the date of donation. Depreciation on property and equipment is calculated on a straight-line basis over estimated lives of seven to thirty-nine years.

**Impairment of long-lived assets:** The Organization evaluates the carrying value of its long-lived assets based on whether it is probable that undiscounted future net cash flows from its long-lived assets will be less than its net book value. At December 31, 2021, management does not believe an impairment adjustment is required.

### **Revenue recognition:**

The Organization recognizes certain revenue streams under Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Accordingly, the following revenue stream is within the scope of ASC 606:

**Other income:** Other income is primarily made up of the sales of various merchandises and other miscellaneous income. This income flow has one performance obligation, and the revenue is recognized at a point in time.

**Contract balances:** The organization had no contract assets, liabilities, or receivables as of December 31, 2021 and January 1, 2021.

# Agrarian Land Trust and Affiliates

## Notes to Consolidated Financial Statements

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The following revenue streams are outside the scope of ASC 606:

**Contributions and foundation grants:** The Organization recognizes all contributions as revenue in the period unconditionally received or promised. The Organization reports such gifts as with donor restricted support and revenues if they are subject to time or donor-imposed restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Changes in Net Assets as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both.

**In-kind contributions:** In-kind contributions are recorded at their estimated fair market value when unconditionally received or promised.

**Functional allocation of expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. The expenses that are allocated include salaries and related expenses, which are allocated based on an estimation of time and effort, as well as insurance, depreciation, and facility and equipment expenses, which were allocated based on management's estimation of usage of shared resources.

**Tax status:** ALT is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC"), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the code.

The local Agrarian Commons are exempt from payments of income taxes on its exempt activities under Section 501(c)(2) of the IRC.

**Uncertainties in income taxes:** The Organization evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement and is recognized in the Organization's consolidated financial statements. As of December 31, 2021, there are no accruals for uncertain tax positions. If applicable, the Organization records interest and penalties as a component of income tax expense. Tax years from 2018 through the current year remain open for examination by federal and state tax authorities.

# Agrarian Land Trust and Affiliates

## Notes to Consolidated Financial Statements

**Use of accounting estimates:** The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent events:** Management has evaluated subsequent events for disclosure in these consolidated financial statements through January 2, 2024, which was the date the consolidated financial statements were available to be issued.

### 2. Liquidity and availability of resources

The following represents the Organization's financial assets at December 31, 2021.

Financial assets:		
Cash and cash equivalents	\$	691,490
Contributions receivable		187,327
Investments		4,928
<hr/>		
Total financial assets		883,745
<hr/>		
Less: Donor imposed purpose restrictions (exclusive of restricted donated properties)		(398,085)
<hr/>		
Financial assets available to meet general expenditures over the next twelve months	\$	485,660
<hr/>		

The Organization monitors cash flows and operating needs on a monthly basis. As part of the Organization's liquidity management, excess cash may be invested in financial securities.

### 3. Investments

Investments consisted of \$4,928 in common stocks as of December 31, 2021.

## Agrarian Land Trust and Affiliates

### Notes to Consolidated Financial Statements

4. **Fair value of investments**      The fair value of investments is as follows:

		<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2021</b>	<b>Total</b>			
Common stock	\$      4,928	\$      4,928	\$      -	\$      -

5. **Land, property and equipment**      Land, property and equipment consists of the following at December 31, 2021:

Land	\$    2,675,360
Building and improvements	9,500
Vehicles	38,790
Total	2,723,650
Less: Accumulated depreciation and amortization	(14,797)
<b>Property, building and equipment, net</b>	<b>\$    2,708,853</b>

Depreciation and amortization expense for the year ended December 31, 2021 was \$5,561.

6. **Note payable**      In September 2020, the Organization entered into a note payable agreement in the amount of \$200,000 with a third party to finance the purchase of a property located in the State of Maine. The note payable bears interest at a fixed rate of 5% per annum and is secured by certain real estate of the Organization located in the State of Maine. The payments on the loan are due annually starting from December 1, 2020 through December 1, 2024. The note matures on December 1, 2024.

Future minimum principal payments due under the note are as follows:

Year Ending December 31,	Amount
2022	\$    40,000
2023	40,000
2024	40,000
<b>Total</b>	<b>\$    120,000</b>

Total interest expense incurred on the note payable for the year ended December 31, 2021 was \$8,000.

## Agrarian Land Trust and Affiliates

### Notes to Consolidated Financial Statements

**7. In-kind donations**      The Organization’s policy related to gifts in-kind is to utilize the assets given to carry out the mission of the Organization. The Organization uses land that is donated to the Organization is held in perpetuity by the request of the individual donor. Total land donated as in-kind contributions during the year ended December 31, 2021 was \$578,860. Total land held by the Organization under permanent restrictions as of December 31, 2021 was \$826,860.

**8. Net assets with donor restrictions**      Net assets with donor restrictions are available for the following purposes at December 31:

	<b>2021</b>
Temporary purpose restrictions	
Central Virginia	\$ 11,815
Little Jubba	51,733
Kalliopeia	129,255
Southwest Virginia	30,000
USFSA	49,230
Vermont	36,897
West Virginia Agrarian Commons	89,155
Total temporary purpose restrictions:	398,085
Permanent purpose restrictions	
NHAC/MCLT Property	578,860
Gardner Farm	250,000
Total permanent purpose restrictions:	826,860
<b>Total restricted net assets:</b>	<b>\$ 1,226,945</b>

Net assets with donor restrictions were released from restrictions during the year ended December 31 as follows:

	<b>2021</b>
Temporary purpose restrictions	
Black Swamp	\$ 1,305,381
Central Virginia	185
Little Jubba	17,765
Kalliopeia	90,745
Greenhorns	12,000
USFSA	5,551
<b>Total</b>	<b>\$ 1,431,627</b>

# Agrarian Land Trust and Affiliates

## Notes to Consolidated Financial Statements

**9. Related party transactions** As mentioned in Note 1, in 2020, ALT established local Agrarian Commons (the “Agrarian Commons”), community-based nonprofit organizations that operate exclusively for the purpose of owning and preserving agricultural land and agrarian community real estate and real property assets as title holding corporations. ALT has both an economic interest and control over the Agrarian Commons. Therefore, the assets, liabilities, and net assets of the Agrarian Commons are consolidated with the ones of ALT. As of January 2, 2024, no assets have been transferred to the Agrarian Commons.

The following is the list of local Agrarian Commons that ALT established:

- Capay Valley California Agrarian Commons
- Central Virginia Agrarian Commons
- Confluence (Northern Virginia) Agrarian Commons
- Little Jubba Central Maine Agrarian Commons
- Middle Tennessee Agrarian Commons
- Minnesota Agrarian Commons
- Montana Agrarian Commons
- New Hampshire Agrarian Commons
- Puget Sound Washington Agrarian Commons
- Southwest Virginia Agrarian Commons
- Vermont Agrarian Commons
- West Virginia Agrarian Commons

The Organization has a fiscal sponsorship arrangement with a Greenhorns, a corporation with a mission of supporting the next generation of farmers through grassroots media production founded by the Board President of Agrarian Land Trust. Total payments made to Greenhorns for the year ended December 31, 2021 were \$32,200.

**10. Concentrations** For the year ended December 31, 2021, approximately 30% of the Organization’s total revenue was provided by two donors and approximately 92% of the Organization’s total receivables were due from two donors.

**11. Subsequent events** In 2022, the Organization purchased land in West Virginia with a final settled value of \$130,679.