

*Consolidated financial statements of:*

**INSTITUTE FOR AGRICULTURE AND TRADE POLICY  
AND SUBSIDIARIES**

Years ended  
December 31, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Institute for Agriculture and Trade Policy  
and Subsidiaries  
Minneapolis, MN

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Institute for Agriculture and Trade Policy and Subsidiaries which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institute for Agriculture and Trade Policy and Subsidiaries as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Schechter Dokken Kanter  
Andrews & Silver Ltd.*

June 18, 2021

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 234,567	\$ 524,176
Accounts receivable	5,600	1,313
Grants and contributions receivable, current portion	258,955	183,559
Prepaid expenses	<u>26,276</u>	<u>31,717</u>
Total current assets	<u>525,398</u>	<u>740,765</u>
Property and equipment, net	<u>134,496</u>	<u>143,004</u>
Other assets:		
Cash restricted for long-term purposes	73,600	-
Grants receivable, net of current portion and discount	78,117	130,707
Investments	<u>741,329</u>	<u>762,648</u>
	<u>893,046</u>	<u>893,355</u>
Total assets	<u><u>\$ 1,552,940</u></u>	<u><u>\$ 1,777,124</u></u>
<b>Liabilities and net assets:</b>		
Current liabilities:		
Accounts payable	\$ 13,691	\$ 12,429
Fiscal agent payable	45,500	-
Accrued expenses	<u>53,122</u>	<u>62,355</u>
Total current liabilities	<u>112,313</u>	<u>74,784</u>
Net assets:		
Without donor restrictions:		
Undesignated	96,620	322,634
Board designated	<u>688,828</u>	<u>616,638</u>
	<u>785,448</u>	<u>939,272</u>
With donor restrictions	<u>655,179</u>	<u>763,068</u>
Total net assets	<u>1,440,627</u>	<u>1,702,340</u>
Total liabilities and net assets	<u><u>\$ 1,552,940</u></u>	<u><u>\$ 1,777,124</u></u>

**INSTITUTE FOR AGRICULTURE AND  
TRADE POLICY AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues:						
Public support, contributions and grants	\$ 416,717	\$ 468,921	\$ 885,638	\$ 400,410	\$ 378,042	\$ 778,452
Paycheck protection program income	219,100		219,100	-		-
Conference income	6,680		6,680	24,199		24,199
Other revenue:						
Honoraria and publications	661		661	1,056		1,056
Net investment return	72,224	13,773	85,997	138	102,036	102,174
Miscellaneous	958		958	367		367
Net assets released from restrictions	590,583	(590,583)	-	649,579	(649,579)	-
Total revenues, gains and other support	<u>1,306,923</u>	<u>(107,889)</u>	<u>1,199,034</u>	<u>1,075,749</u>	<u>(169,501)</u>	<u>906,248</u>
Expenses:						
Program services	1,098,925		1,098,925	1,324,357		1,324,357
Supporting services:						
Management and general	251,570		251,570	246,400		246,400
Fund development	108,837		108,837	134,105		134,105
Total expenses	<u>1,459,332</u>		<u>1,459,332</u>	<u>1,704,862</u>		<u>1,704,862</u>
Change in net assets from continuing operations	<u>(152,409)</u>	<u>(107,889)</u>	<u>(260,298)</u>	<u>(629,113)</u>	<u>(169,501)</u>	<u>(798,614)</u>
Change in net assets from discontinued operations	<u>(1,415)</u>		<u>(1,415)</u>	<u>12,521</u>		<u>12,521</u>
Change in net assets	<u>(153,824)</u>	<u>(107,889)</u>	<u>(261,713)</u>	<u>(616,592)</u>	<u>(169,501)</u>	<u>(786,093)</u>
Net assets, beginning	<u>939,272</u>	<u>763,068</u>	<u>1,702,340</u>	<u>689,226</u>	<u>1,799,207</u>	<u>2,488,433</u>
Change in donor restriction				866,638	(866,638)	
Net assets, ending	<u>\$ 785,448</u>	<u>\$ 655,179</u>	<u>\$ 1,440,627</u>	<u>\$ 939,272</u>	<u>\$ 763,068</u>	<u>\$ 1,702,340</u>

See notes to consolidated financial statements.

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (261,713)	\$ (786,093)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	21,118	17,972
Net investment return (loss)	21,319	(93,056)
Change in operating assets and liabilities:		
Accounts receivable	(4,287)	(1,143)
Grants receivable	(22,806)	321,070
Prepaid expenses	5,441	15,742
Accounts payable	1,262	(31,615)
Fiscal agent payable	45,500	-
Accrued expenses	(9,233)	(56,263)
Net cash used in operating activities	<u>(203,399)</u>	<u>(613,386)</u>
Cash flows from investing activities:		
Purchase of:		
Endowment investments	-	(8,975)
Property and equipment	(12,610)	(8,784)
Net cash used in investing activities	<u>(12,610)</u>	<u>(17,759)</u>
Net (decrease) in cash, cash equivalents and cash restricted for long-term purposes	(216,009)	(631,145)
Cash, cash equivalents and cash restricted for long-term purposes:		
Beginning	<u>524,176</u>	<u>1,155,321</u>
Ending	<u>\$ 308,167</u>	<u>\$ 524,176</u>
Reconciliation to consolidated statements of financial position:		
Cash and cash equivalents	\$ 234,567	\$ 524,176
Cash restricted for long-term purposes	<u>73,600</u>	<u>-</u>
Total cash, cash equivalents and cash restricted for long-term purposes	<u>\$ 308,167</u>	<u>\$ 524,176</u>

**INSTITUTE FOR AGRICULTURE AND  
TRADE POLICY AND SUBSIDIARIES**

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020

	Program services total	Supporting services			Continued operations	Discontinued operations	Total
		Management and general	Fund development	Total			
Salaries, taxes and benefits	\$ 909,214	\$ 136,710	\$ 76,141	\$ 212,851	\$ 1,122,065	\$ -	\$ 1,122,065
Contracted services	68,724	30,691	19,380	50,071	118,795	-	118,795
Travel	2,209	-	-	-	2,209	-	2,209
Conferences and meetings	203	-	-	-	203	-	203
Legal and accounting fees	-	67,026	-	67,026	67,026	1,415	68,441
Building and grounds	46,203	3,983	2,273	6,256	52,459	-	52,459
Office expense	12,319	1,928	4,011	5,939	18,258	-	18,258
Information technology	14,627	1,059	4,180	5,239	19,866	-	19,866
Insurance, membership and other	28,783	7,324	1,226	8,550	37,333	-	37,333
Depreciation expense	16,643	2,849	1,626	4,475	21,118	-	21,118
	<u>\$ 1,098,925</u>	<u>\$ 251,570</u>	<u>\$ 108,837</u>	<u>\$ 360,407</u>	<u>\$ 1,459,332</u>	<u>\$ 1,415</u>	<u>\$ 1,460,747</u>

See notes to consolidated financial statements.



**INSTITUTE FOR AGRICULTURE AND  
TRADE POLICY AND SUBSIDIARIES**

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019

	Program services total	Supporting services			Continued operations	Discontinued operations	Total
		Management and general	Fund development	Total			
Salaries, taxes and benefits	\$ 1,022,357	\$ 132,529	\$ 115,197	\$ 247,726	\$ 1,270,083	\$ -	\$ 1,270,083
Contracted services	119,623	27,348		27,348	146,971	-	146,971
Travel	47,170	1,926	3,351	5,277	52,447	-	52,447
Conferences and meetings	6,415	854	250	1,104	7,519	-	7,519
Legal and accounting fees		67,765		67,765	67,765	6,679	74,444
Building and grounds	45,109	3,243	2,337	5,580	50,689	-	50,689
Office expense	17,274	1,864	4,829	6,693	23,967	-	23,967
Information technology	26,223	1,492	5,022	6,514	32,737	-	32,737
Insurance, membership and other	25,703	7,351	1,658	9,009	34,712	-	34,712
Depreciation expense	14,483	2,028	1,461	3,489	17,972	-	17,972
	<u>\$ 1,324,357</u>	<u>\$ 246,400</u>	<u>\$ 134,105</u>	<u>\$ 380,505</u>	<u>\$ 1,704,862</u>	<u>\$ 6,679</u>	<u>\$ 1,711,541</u>

See notes to consolidated financial statements.

1. Nature of business and summary of significant accounting policies:

Nature of business:

The Institute for Agriculture and Trade Policy and Subsidiaries (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. IATP formed a wholly owned for-profit subsidiary, Winter Coffee, Inc. formerly known as Peace Coffee SBC (Winter Coffee); Winter Coffee imported, roasted and sold organic fair-trade coffee beans in Minneapolis, Minnesota.

On May 1, 2018 IATP sold substantially all of the assets of Winter Coffee. The Winter Coffee entity was dissolved on May 12, 2020.

Description of program work:

IATP is a policy advocacy think tank that works at the intersection of food and economic systems. IATP's programmatic work is organized in three interconnected core areas according to content, relationships with partners and the associated policy decision-makers. Those areas are Resilient Community Food Systems, A Just Transition for Agriculture, and Fair and Sustainable Trade. In 2020, IATP continued to advance its mission despite the extraordinary challenges induced by the pandemic.

**Resilient Community 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, especially farmers from historically excluded Black, Indigenous and People of Color (BIPOC) communities. IATP is helping to revitalize local economies, give farmers stable and predictable income through the buying power of institutions, like school districts and hospitals, and supply fresh and healthy local food to students and communities. IATP's FY2020 accomplishments included working with stakeholders from around the state, in response to a record one-in-six children facing hunger during the pandemic, to support the Minnesota Department of Agriculture's "Rapid Response" grant for schools to purchase from local farmers in 2020.

**A Just Transition for Agriculture:** IATP has fought against the harms of exploitive factory farm systems for decades. IATP is committed to food and farm systems that serve independent family farmers and workers, rural communities, and human and ecosystem health. In FY2020, staff defined agricultural finance and climate policies that can contribute to significant and rapid greenhouse gas emissions reductions. IATP conducted in-depth analysis and advocacy on the regulation of emissions from concentrated livestock operations in the U.S. and EU; and worked with farmers' organizations and academics to define principles and indicators for agroecology to support public investment in regenerative, agroecological food systems. IATP published a new report in the IATP series, *Emissions Impossible*, which documents the greenhouse gas emissions of the largest animal agriculture corporations. In the 2020 report, *Milking the Planet*, IATP showed the significant rise in total combined greenhouse gas emissions of the largest dairy corporations.

1. Nature of business and summary of significant accounting policies (continued):

Description of program work (continued):

Fair and Sustainable Trade: 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. IATP's trade work is in coalition with U.S. and international partners, opposing the expansion of harmful trade deals and advancing fair trade alternatives. In FY2020, IATP wrote and published articles, briefing notes, factsheets and commentaries, as well as presented in webinars and public lectures. One series in FY2020, organized with partners, focused on trade rules for climate justice while another, based on a series of factsheets on the EU-Mercosur negotiations, was presented to the European Parliament.

Principles of consolidation:

The consolidated financial statements include the accounts of IATP; its wholly-owned subsidiary, Winter Coffee; and its affiliate, IATPAction (collectively referred to as the Organization). Significant intercompany accounts and transactions have been eliminated.

Financial statement presentation:

The Organization classifies its net assets, revenues and expenses 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 use in general operations and not subject to donor (or certain grantor) restrictions. Designated amounts represent those revenues which the board has set aside for a particular purpose.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets are limited by donor-restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Cash restricted for long-term purposes:

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.

Cash and cash equivalents:

For purposes of the statement of cash flows, cash and cash equivalents includes cash accounts and highly liquid debt instruments purchased with an original maturity of three months or less.

1. Nature of business and summary of significant accounting policies (continued):

Fair value measurements:

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework to increase consistency and comparability in fair value measurements and related disclosures. The framework enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

Accounts receivable:

Receivables are recorded when revenue is earned or when gifts are unconditionally promised. Trade receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debts based on prior years' experience and management's assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. The Organization does not charge interest on past due accounts. Accounts are considered past due when payment has not been received within 30 days of the due date.

Grants receivable:

Unconditional promises to give are recognized as revenues or gains in the period made and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants due in the next year are recorded at their net realizable value. Grants due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. No allowance for grants receivable is provided since all amounts are deemed collectible.

Endowment investments:

Endowment investments consist primarily of marketable securities and are reported as contributions in the financial statements at the date of receipt and are carried at fair value. Fair value is determined based on quoted market prices in active markets for identical investments.

Property and equipment and depreciation methods:

Property and equipment is stated at cost less accumulated depreciation. Expenditures for replacements and significant improvements in excess of \$1,500 for equipment and \$2,500 for building improvements are capitalized for IATP. Expenditures for repairs and maintenance are charged against income as incurred.

Depreciation is calculated using methods over the estimated useful lives of the related assets, as follows:

Buildings	40 years
Building and leasehold improvements	10-40 years
Equipment	3-10 years

1. Nature of business and summary of significant accounting policies (continued):

Fiscal Agency:

During the years ending December 30, 2020, the Organization received cash from donors for which it is acting as a fiscal agent, which were not fully disbursed at December 30, 2020. As such, these funds have been treated as current liabilities in the accompanying financial statements.

Income taxes:

IATP is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and the laws of the State of Minnesota. The Organization has been classified as a publicly-supported organization and not a private foundation as defined by the Internal Revenue Code.

IATPAction is exempt from income taxes under Internal Revenue Code Section 501(c)(4) and the laws of the State of Minnesota. It has been classified as a publicly-supported organization and not a private foundation as defined by the Internal Revenue Code.

Winter Coffee was a separate for-profit corporation. Its net income was therefore subject to federal and state income taxes. Winter Coffee's tax return for calendar year 2020 is its final return.

Management evaluated tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Revenue recognition:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Revenue consists of funding from foundations and donors to carry out the Organization's mission. The Organization receives grants from foundations to perform activities necessary for research and advocacy of policies regarding fair and sustainable trade systems. The Organization also receives revenue from conditional grants for the distribution of grants, and income from hosting conferences to help spread awareness of free trade and sustainable agriculture. Revenue is recognized upon the condition being met.

Public support, contributions and grants are recorded as revenue when the Organization is notified of the contribution, if the promise to give is unconditional. Contributions specified as to programmatic use or period of use are recognized as revenue and increases to the net assets with donor restrictions. These contributions are released from restriction as the programmatic requirements are met or the specified time period has passed.

Insurance:

The Organization uses a combination of insurance and self-insurance mechanisms, including participation in an unemployment services trust, to provide for liabilities for certain risks. Cash balances attributable to the Organization in the unemployment service trust were \$55,513 and \$43,883 at December 31, 2020 and 2019, respectively.

1. Nature of business and summary of significant accounting policies (continued):

Use of 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.

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.

Concentration of credit risk:

The Organization maintains its cash and cash equivalents in accounts at financial institutions. The Organization uses Certificate of Deposit Account Registration Service (CDARS) and multiple accounts with financial institutions to mitigate the concentration of risk. These balances, at times, may exceed federally insured limits. The Organization has not experienced any losses with these accounts.

Reclassifications:

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation.

Subsequent events:

The Organization evaluated subsequent events through June 18, 2021, the date on which the financial statements were available to be issued.

2. Liquidity:

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

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash	\$ 234,567	\$ 524,176
Accounts receivable	5,600	1,313
Grants, contracts and contributions receivable	371,786	314,266
Cash restricted for long-term purposes	73,600	
Investments	<u>741,329</u>	<u>762,648</u>
Total financial assets	<u>1,426,882</u>	<u>1,602,403</u>
Less amounts not available to be used within one year:		
Cash restricted for long-term purposes	73,600	
Long term grant receivable	80,000	120,000
Endowment investments	125,000	125,000
Less amount expected to be appropriated for expenditure	(55,600)	(63,500)
Net assets with donor restrictions subject to expenditure for specified purpose or passage of time	449,078	507,237
Less net assets with restrictions to be met in less than a year:		
Purpose	(122,397)	(210,054)
Time	(109,123)	(153,898)
Net assets designated by the board	<u>688,828</u>	<u>616,638</u>
	<u>1,129,386</u>	<u>941,423</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 297,496</u>	<u>\$ 660,980</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.

3. Grants and contributions receivable:

Grants and contributions receivable are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Grants and contributions receivable	\$ 338,955	\$ 317,758
Less discounts to net present value at 1.03%	<u>(1,883)</u>	<u>(3,492)</u>
Net grants receivable	<b>337,072</b>	314,266
Less portion collectible within one year	<u>(258,955)</u>	<u>(183,559)</u>
Long-term portion collectible within five years	<u><b>\$ 78,117</b></u>	<u>\$ 130,707</u>

4. Fair value measurements:

The Organization's financial instruments are measured at estimated fair value based on the priority of inputs to the valuation technique of the three-level fair value hierarchy set forth in ASC 820 as follows:

*Level 1 inputs:* Quoted prices in active markets for identical assets or liabilities, for which prices are available at the measurement date.

*Level 2 inputs:* Includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e. interest rates, yield curves, etc.) and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs.)

*Level 3 inputs:* Unobservable inputs that reflect management's estimates about the assumptions that market participants would use in pricing the asset or liability. These inputs are developed based on the best information available, including internally-developed data.



4. Fair value measurements (continued):

Financial instruments that are carried at estimated fair value are categorized based on the inputs to the valuation technique as follows for the year ended December 31:

	<b>2020</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 225,639			\$ 225,639
Equities:				
US	458,089			458,089
International	<u>57,601</u>			<u>57,601</u>
	<u>\$ 741,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 741,329</u>

	<b>2019</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 218,009			\$ 218,009
Certificates of deposit		\$ 106,598		106,598
Equities:				
US	384,990			384,990
International	<u>53,051</u>			<u>53,051</u>
	<u>\$ 656,050</u>	<u>\$ 106,598</u>	<u>\$ -</u>	<u>\$ 762,648</u>

5. Property and equipment:

Property and equipment at December 31, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Land and buildings	\$ 272,999	\$ 272,999
Building and leasehold improvements	129,065	147,906
Equipment	<u>60,122</u>	<u>98,228</u>
	462,186	519,133
Less accumulated depreciation	<u>(327,690)</u>	<u>(376,129)</u>
	<u>\$ 134,496</u>	<u>\$ 143,004</u>

6. Leases:

The Organization leases office space in Washington, D.C., Hallowell, Maine 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 leases certain equipment under an agreement expiring in June 2023. The leases are accounted for as operating leases. Future minimum lease payments are as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2021	\$ 5,616
2022	5,616
2023	<u>2,808</u>
	<u>\$ 14,040</u>

Total rental expense for continuing operations was \$22,935 and \$21,945 for the years ended December 31, 2020 and 2019, respectively.

7. Board designated net assets:

The Board designated reserve is to enhance the financial stability and effectiveness of the Organization. The Funds are commingled with the cash and investment accounts of the Organization.

8. Net assets with donor restrictions:

The following schedule reflects net assets with donor restrictions at December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Trade, technology and global governance	\$ 33,334	\$ 70,022
Promote sustainable agriculture	89,820	109,200
Climate and rural development	89,126	90,834
Mini-Grants	<u>37,401</u>	
	<u>249,681</u>	<u>270,056</u>
Subject to passage of time	<u>199,397</u>	<u>237,184</u>
Subject to endowment spending policy and appropriation:		
Original gifts to endowment	125,000	125,000
Endowment gain	<u>81,101</u>	<u>130,828</u>
	<u>206,101</u>	<u>255,828</u>
	<u>\$ 655,179</u>	<u>\$ 763,068</u>

8. Net assets with donor restrictions (continued):

Net assets released from restrictions during the year were comprised of the following:

	<u>2020</u>	<u>2019</u>
Purpose restrictions:		
Trade, technology and global governance	\$ 148,724	\$ 157,157
Promote sustainable agriculture	19,380	
Climate and rural development	251,852	66,107
Community food systems	13,729	53,868
Industrial livestock	-	75,000
Building	-	4,548
Time restrictions	93,398	215,499
Endowment appropriation for operations	<u>63,500</u>	<u>77,400</u>
	<u>\$ 590,583</u>	<u>\$ 649,579</u>

9. Endowment net assets:

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.

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

9. Endowment net assets (continued):

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 draw 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.

The composition of the Organization's endowment net assets by type for the years ended December 31 is as follows:

	<u>2020</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Total endowment net assets, donor restricted	\$ -	\$ <u>206,101</u>	\$ <u>206,101</u>
Reconciliation to assets:			
Investments			\$ 52,501
Cash restricted for long-term purposes			73,600
Grant receivable			<u>80,000</u>
			<u>\$ 206,101</u>

9. Endowment net assets (continued):

	2019		Total
	Without donor restrictions	With donor restrictions	
Donor restricted	\$ -	\$ 255,828	\$ 255,828
Board designated	<u>616,638</u>	<u>-</u>	<u>616,638</u>
Total endowment net assets	<u>\$ 616,638</u>	<u>\$ 255,828</u>	<u>\$ 872,466</u>
Reconciliation to assets:			
Investments			\$ 762,648
Grant receivable			<u>109,818</u>
			<u>\$ 872,466</u>

Changes in endowment net assets are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, January 1, 2019	\$ -	\$ 1,097,830	\$ 1,097,830
Release of restriction by donor	-	(866,638)	(866,638)
Board designation for endowment	616,638		616,638
Earnings appropriated to support operations	-	(77,400)	(77,400)
Investment earnings:			
Net appreciation of investments		92,873	92,873
Investment income	<u>-</u>	<u>9,163</u>	<u>9,163</u>
Endowment net assets, December 31, 2019	616,638	255,828	872,466
Earnings appropriated to support operations	-	<b>(63,500)</b>	<b>(63,500)</b>
Release of board designated endowment to board reserve	<b>(616,638)</b>	-	<b>(616,638)</b>
Investment earnings:			
Net appreciation of investments	-	<b>1,356</b>	<b>1,356</b>
Investment income	<u>-</u>	<u><b>12,417</b></u>	<u><b>12,417</b></u>
Endowment net assets, December 31, 2020	<u>\$ -</u>	<u>\$ <b>206,101</b></u>	<u>\$ <b>206,101</b></u>

10. Paycheck Protection Program loans:

The Organization received a Paycheck Protection Program (PPP) loan from the Small Business Administration for \$219,100 on April 19, 2020. Under the program, the loan can be forgiven if the funds are spent on eligible expenses. Based on the tracking of eligible expenses, management believes the loan will be forgiven based on current guidelines provided by the Small Business Administration. If any of the funds remain a loan, the loan has a maturity date of April 19, 2022 and an interest rate of 1% per annum. Payments are deferred for six months immediately following the date of the loan. The Organization elected to account for the PPP loan under the conditional contribution guidance. As the Organization determined it had met all conditions for forgiveness as of December 31, 2020, the full amount of the loan was recorded as a contribution.

On March 24, 2021, the Organization received a second Paycheck Protection Program Loan in the amount of \$198,553 under the second draw program. The loan is at 1% interest and will mature 5 years from the date of issuance. If the loan forgiveness application is not submitted within the time requirement, loan payments will be required beginning August 24, 2022.

11. Income taxes related to discontinued operations:

In 2019, a refund of income taxes was received related to the estimates paid for 2018. There are no other income tax provisions related to discontinued operations for the years ended December 31, 2020 and 2019.

12. Foreign currency transactions:

IATP has an account in a foreign bank and receives some of its funding in foreign currencies. Foreign currency transactions resulted in a losses of \$658 and \$341 for 2020 and 2019, respectively.

13. Retirement plans:

IATP 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, IATP will match 100% of employees' contributions on the first 2% of compensation during the plan year. The Organization incurred total expenses of \$14,359 and \$16,766 under these plans during the years ended December 31, 2020 and 2019, respectively.

14. Discontinued operations, enterprise activities:

	<u>2020</u>	<u>2019</u>
Other income from discontinued operations	\$ -	\$ 6,460
Enterprise activities operating expenses	<u>1,415</u>	<u>6,679</u>
Loss from operations of discontinued enterprise activities, income before Income taxes	<b>(1,415)</b>	(219)
Income tax benefit	<u>-</u>	<u>12,740</u>
Change in net assets from discontinued operations	<b><u>\$ (1,415)</u></b>	<b><u>\$ 12,521</u></b>