



2021 Annual Report

Executive Director: A year in review

Wow! As we look back at 2021, our team is filled with immense gratitude and excitement for the years to come.

Last year was a year of continued growth and development for the Foundation. We seated our ninth Director of our Board early last year. Our Board continues to be comprised of experts in the fields of agriculture and education in Wisconsin, and we are so thankful for their time and effort. Our internal Foundation team also expanded. We hired an Executive Assistant, a Marketing and Communications Manager and an Education Program Manager.

We are grateful for the partners we have worked with throughout the year. We continued our work with Findorff, Gyroscope and Epstein Uhen Architects to create a farming exploration center that will spark interest and offer real-world experience in agriculture. Kane Communications Group also joined our developing partner list. The combined expertise of our partners

will allow us to develop a vibrant Center where all will feel compelled to explore the world of agriculture.

Our education program made major strides and was ready for pilot in the Spring semester. Our lessons will focus on the Foundation's mission of educating current and future generations on agricultural innovation and sustainability. Lessons range from the basics of agriculture to soil science to grocery store excursions and more. Lessons are aligned to state standards so teachers can use our lessons with what they are already required to teach.

We look forward to announcing exciting updates for the Food + Farm Exploration Center later this year.

We are thankful for the support of the agriculture communities and all our Wisconsin neighbors who understand the importance of what we are working to accomplish. We look forward to growing relationships with volunteers and donors who are as excited as



Candise Miller

we are to cultivate a widespread understanding of farming and the agriculture industry. Thank you for joining our journey thus far, and we hope you remember you always have a seat at our table.



Cultivating Connections Co-Chairs Les Dobbe, Richard Okray, and Richard Pavelski

Campaign Co-Chairs: Meeting milestones

Our campaign theme, Cultivating Connections, selected so many months ago, has become a guiding principle as we focus on relationship building and nurturing strong partnerships. As we talk with donors, we are so impressed that their focus is on how we can present the strongest front to

tackle some of the challenges we face in production agriculture. From growers to lenders to processors and more, all want to come to the table to make the Food + Farm Exploration Center a place focused on the industry. From March to December, the Campaign Cabinet raised 60 percent of

the total goal. Though we have come so far, there is still much work to be done. We are looking forward to continuing to develop relationships with industry partners and moving into a more public phase of the campaign. We thank each of you for walking alongside us on this journey.

The year at a glance

\$17,369,472 raised through the Cultivating Connections campaign.

63 donors generously contributed



Cabinet seated: Center fundraising efforts begin



Cabinet members met for a work session to discuss campaign strategy.

In March 2021, our Cultivating Connections Campaign Cabinet was seated.

Cabinet members spent the remainder of the year strategically reaching out to industry members and individuals closely aligned to the Food + Farm Exploration Center.

“One of the goals of this project is to reconnect people with the farm and to educate them about modern production and processing methods, and to let them experience that connection with the land firsthand and give them the opportunity to see, feel and touch farming equipment, irrigation and other aspects of growing food,” Cabinet member Mike Carter said.

Food + Farm Exploration Center: Made possible through partnerships

Farming for the Future Foundation has lofty goals of educating current and future generations about agricultural innovation and sustainability. To bring these goals to life, we have partnered with several groups to not only create an epicenter for education, but to bring to life the story of those working in the agricultural industry every day. We wanted to share with you some of the work that our partners have done throughout the past year.

Findorff and EUA

Our construction partner Findorff and architectural firm Epstein Uhen Associates have spent the past year developing site plans and ensure that the Food + Farm Exploration Center will serve the community and agricultural community alike. EUA has worked to ensure the industry is represented throughout the various non-exhibit spaces in all design aspects. Schematic design was completed at the

end of 2021, and groundbreaking will be held later this year.

Gyroscope

Our exhibit design team at Gyroscope has begun developing content that will be highly engaging for all learners. Exhibits feature all aspects of the food production cycle from growing to distribution to consumption. Each aspect of the exhibit gallery provides an opportunity to gain hands-on experience.



Top Rendering: EUA designed the Food + Farm Exploration Center to be a welcoming environment that is representative of modern production agriculture and to be a place where families want to invest their time visiting.

Rendering provided by: EUA



Bottom Rendering: Gyroscope designed the Food + Farm Exploration Center exhibits to be both educational and hands-on. The exhibits invite Food + Farm visitors to roll up their sleeves and get their hands dirty while experiencing the wonderful world of agriculture.

Rendering provided by: Gyroscope

Education Outreach Program Preparing to enter classrooms


Planning efforts neared final stages with the Education Outreach Program's 4th grade curriculum. Despite delays from the COVID-19 pandemic, lessons and activities for Wisconsin 4th grade teachers to begin using in classrooms across the state in Spring 2022. The Foundation plans to roll out additional grade level resources in the coming years.

The Education Outreach Program provides a variety of services to teachers and students across Wisconsin with plans to become a nationally-utilized resource.

The program will continue to develop and evolve as education needs shift, but the Foundation team was proud to be able to provide this resource for agricultural education.

Lesson Examples

- How Am I Connected to Agriculture?
- Wisconsin Agriculture: More than "America's Dairyland"
- Get to Know Your Soil
- Roles for Holes
- Soil on the Run!
- Someone Invented Frozen Peas
- Grocery Store Scavenger Hunt
- Postcards From a Farmer
- How a Pandemic Changed School Lunch
- Potato in a Pandemic
- Interview with an Elder
- Why Plants Store Energy
- Windows into Roots
- Seasonal Food Availability
- Soil Your Undies
- When Rain Isn't Enough
- Food Insecurities
- Three Sisters
- How Farming Has Changed




How Am I Connected to Agriculture?

Intended Audience 4th Grade

LESSON OVERVIEW

When a child asks where their food comes from, a common response may be the grocery store, a restaurant, their parents, or guardian, or somewhere else. While they are not wrong, there is more to the process. When you eat and wear clothes, you're involved in agriculture. In this lesson, **students will link the food they eat and the products they use to production on a farm.**

<p>ESSENTIAL QUESTION</p> <p>How am I connected to agriculture in my daily life?</p>	<p>MATERIALS REQUIRED</p> <ul style="list-style-type: none"> • Whiteboard and markers • Internet access for student research
<p>LEARNING OBJECTIVES</p> <p>Students will be able to:</p> <ul style="list-style-type: none"> • Create a concept map (farm web) that describes how products they eat and use can be traced back to production on a farm. • Describe at least one way they are personally connected to agriculture through what they eat or purchase. 	<p>TIME REQUIRED</p> <p>Before Class: 10 minutes During Class: Two 45-minute periods</p>
<p>STANDARDS</p> <p>Social Studies: SS.Econ4.a.3 Environmental: ELS.EK2.A.1 Literacy: CCSS.ELA-LITERACY.W.4.7 Nutrition: 8.4.4 Family and Consumer Science: CCLC1.b.3.3 CS1.e.2.e CS1.e.1.e</p>	<p>LESSON ACTIVITIES OUTLINE</p> <ul style="list-style-type: none"> • How many items come from a farm? • Discuss agriculture connections • Small group research • Create a class concept map • Optional reading • Writing assignment
<p>DOCUMENTS INCLUDED</p> <ul style="list-style-type: none"> • Student Worksheet • Lesson Slides 	<p>CONNECTIONS TO OTHER FFFF LESSONS</p> <ul style="list-style-type: none"> • Postcards from a Farmer • More Than America's Dairyland: Agriculture in Wisconsin



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Candise Miller
Executive Director



Malorie Paine
Marketing and
Communications
Manager



Jenn Scott
Education Outreach
Program Manager



Susan Motz
Executive Assistant



Alicia Pavelski
President
Founding Member



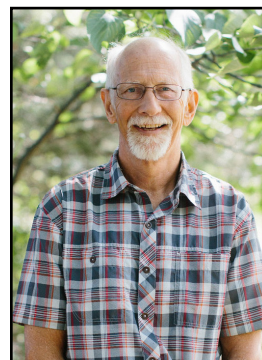
Michelle Peariso
Secretary/Treasurer
Founding Member



Richard Pavelski
Founding Member



Andy Dierks



Gregg Hansel



Tamas Houlihan



Jordan Lamb



Richard Okray



Paul Palmby



Andria Davison
Founding Member
Emeritus



Jeremie Pavelski
Founding Member
Emeritus

Board of Directors



Mission

To educate current and future generations about agricultural innovation and sustainability

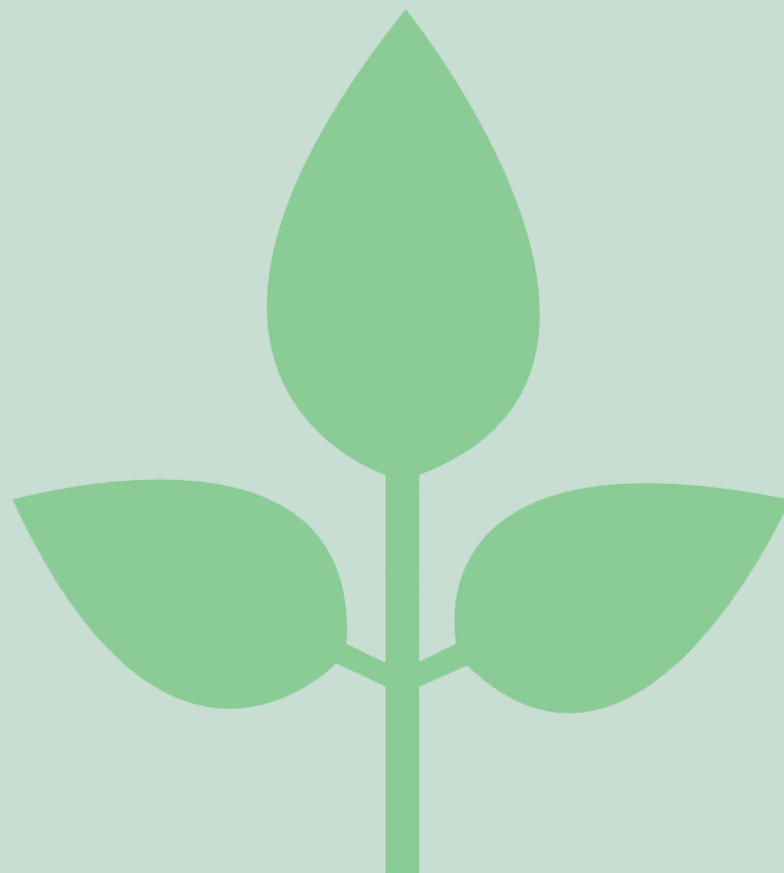
Thank you!

Bringing our mission to life would not be possible without dedicated partners. We thank you for joining us at the table.

Connect

hello@fftf.us
www.fftf.us

The following pages contain
the 2021 audited Financial
Statement prepared by Baker
Tilly.



Farming for the Future Foundation, Inc.

Financial Statements

December 31, 2021

Farming for the Future Foundation, Inc.

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Independent Auditors' Report

To the Board of Directors of
Farming for the Future Foundation, Inc.

Opinion

We have audited the financial statements of Farming for the Future Foundation, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 Foundation 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 financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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.

Baker Tilly US, LLP

Milwaukee, Wisconsin
November 8, 2022

Farming for the Future Foundation, Inc.

Statement of Financial Position

December 31, 2021

Assets

Current Assets

Cash and cash equivalents	\$ 4,743,107
Investments	4,510,434
Current portion of pledges receivable, net	<u>1,683,682</u>

Total current assets 10,937,223

Property and Equipment, Net

2,737,679

Long-Term Assets

Restricted cash for capital	3,526,702
Pledges receivable, net	<u>3,902,453</u>

Total long-term assets 7,429,155

Total assets \$ 21,104,057

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 262,251
Accrued payroll	<u>10,738</u>

Total current liabilities 272,989

Net Assets

Net assets without donor restrictions	5,665,198
Net assets with donor restrictions	<u>15,165,870</u>

Total net assets 20,831,068

Total liabilities and net assets \$ 21,104,057

See notes to financial statements

Farming for the Future Foundation, Inc.

Statement of Activities

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support			
Contributions	\$ 806,131	\$ 10,993,376	\$ 11,799,507
In-kind contributions	1,790,000	280,000	2,070,000
Net assets released from restrictions	<u>438,871</u>	<u>(438,871)</u>	<u>-</u>
Total public support	3,035,002	10,834,505	13,869,507
Revenue			
Investment returns, net	<u>291,682</u>	<u>-</u>	<u>291,682</u>
Total public support and revenue	<u>3,326,684</u>	<u>10,834,505</u>	<u>14,161,189</u>
Expenses			
Program	354,146	-	354,146
Management and general	205,423	-	205,423
Fundraising	<u>353,351</u>	<u>-</u>	<u>353,351</u>
Total expenses	<u>912,920</u>	<u>-</u>	<u>912,920</u>
Change in net assets	2,413,764	10,834,505	13,248,269
Net Assets, Beginning	<u>3,251,434</u>	<u>4,331,365</u>	<u>7,582,799</u>
Net Assets, Ending	<u>\$ 5,665,198</u>	<u>\$ 15,165,870</u>	<u>\$ 20,831,068</u>

See notes to financial statements

Farming for the Future Foundation, Inc.

Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Professional and contracted services	\$ 238,789	\$ 9,374	\$ 238,149	\$ 486,312
In-kind services	20,000	130,000	72,000	222,000
Wages and benefits	89,096	44,751	43,202	177,049
Other expenses	<u>6,261</u>	<u>21,298</u>	<u>-</u>	<u>27,559</u>
Total expenses	<u>\$ 354,146</u>	<u>\$ 205,423</u>	<u>\$ 353,351</u>	<u>\$ 912,920</u>

See notes to financial statements

Farming for the Future Foundation, Inc.

Statement of Cash Flows

Year Ended December 31, 2021

Cash Flow From Operating Activities

Change in net assets	\$ 13,248,269
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Donated land	(1,568,000)
Donated equipment and construction in progress	(280,000)
Unrealized/realized net gains on investments	(173,639)
Contributions restricted for capital	(10,373,376)
Changes in assets and liabilities:	
Pledges receivable	(126,131)
Accounts payable	47,393
Accrued payroll	9,285
	<u>783,801</u>
Net cash flows from operating activities	<u>783,801</u>

Cash Flows From Investing Activities

Capital expenditures	(854,097)
Purchases of investments	(1,924,187)
Proceeds from sale of investments	<u>1,720,667</u>
	<u>(1,057,617)</u>
Net cash flows from investing activities	<u>(1,057,617)</u>

Cash Flows From Financing Activities

Proceeds from contributions restricted for capital	<u>6,547,360</u>
	6,273,544
Net change in cash and cash equivalents	6,273,544

Cash, Cash Equivalents and Restricted Cash for Capital, Beginning 1,996,265

Cash, Cash Equivalents and Restricted Cash for Capital, Ending \$ 8,269,809

Reconciliation of Cash, Cash Equivalents and Restricted Cash for Capital to the Statement of Financial Position

Cash and cash equivalents	\$ 4,743,107
Restricted cash for capital	<u>3,526,702</u>
	<u>\$ 8,269,809</u>
Total cash, cash equivalents and restricted cash for capital	<u><u>\$ 8,269,809</u></u>

Noncash Investing and Financing Activities

Additions of property and equipment financed with accounts payable	<u><u>\$ 214,221</u></u>
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See notes to financial statements

Farming for the Future Foundation, Inc.

Notes to Financial Statements
December 31, 2021

1. Summary of Significant Accounting Policies

Nature of Activities

Farming for the Future Foundation, Inc. (the Foundation) is a not for profit corporation whose purpose is to educate current and future generations about agricultural innovation and sustainability.

Basis of Accounting

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

Cash and Cash Equivalents

Cash equivalents consist of money market and other highly liquid investments with original maturity dates of three months or less, excluding money market accounts held in investment accounts.

The Foundation maintains its cash balances at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, the balances in these accounts may exceed the insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

Restricted Cash for Capital

Restricted cash for capital consists of cash received from donors that is restricted for the construction of the Food + Farm Exploration Center (the Exploration Center) as part of the Foundation's capital campaign. See Note 7.

Investments

Investments are recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation or, if sold, immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Investment income or loss and unrealized gains or losses, net of fees, are included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Pledges Receivable

Unconditional promises to give made to the Foundation are recognized as pledges receivable and contributions revenue in the year received. Amounts that are expected to be collected after one year are discounted and reflected in the financial statements at their net present value. An allowance for uncollectible pledges is determined based on specific identification and historical experience. No allowance for uncollectible pledges is considered necessary as of December 31, 2021. Conditional promises to give are recognized when the barriers creating the condition(s) are met.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$1,000, and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in revenue on the statement of activities.

Farming for the Future Foundation, Inc.

Notes to Financial Statements
December 31, 2021

Donated property and equipment are recorded as increases in net assets without donor restrictions at their estimated fair value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. The Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives. Property and equipment are summarized as follows as of December 31:

Land	N/A	\$	1,568,000
Furniture and equipment	5 yrs.		1,361
Construction in progress	N/A		<u>1,168,318</u>
Total property and equipment			2,737,679
Less accumulated depreciation			<u>-</u>
Property and equipment, net		\$	<u>2,737,679</u>

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The Foundation's Board of Directors has the ability to designate net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. The Foundation's Board of Directors has not designated any amounts as of December 31, 2021.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations, or are required to be maintained in perpetuity by the Foundation. See Note 5 for additional information on net assets with donor time and purpose restrictions. The Foundation does not have any net assets with perpetual restrictions.

Contributions

Unconditional contributions, including unconditional promises to give, are recognized in the period received. Conditional contributions or grants, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As of December 31, 2021, there were no conditional contributions.

Farming for the Future Foundation, Inc.

Notes to Financial Statements
December 31, 2021

In-Kind Contributions

The Foundation records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are reflected as contributions at their estimated fair value at the date of donation and are reported as contributions without donor restrictions unless explicit donor stipulations specify how donated assets must be used.

The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. In-kind contributions consisted of the following during the year ended December 31, 2021:

Donated land	\$ 1,568,000
Equipment yet to be received	180,000
Professional services, expensed	222,000
Professional services, included in construction in progress	<u>100,000</u>
Total in-kind contributions	<u>\$ 2,070,000</u>

The fair value of the donated land and equipment yet to be received was based on valuations obtained from a licensed appraiser and the vendors providing the equipment. The fair value of professional services was determined based on hours spent by Board members providing services to the Foundation for program, administration and fundraising activities multiplied by a standard billing rate for executive employees. The Foundation also received donated professional services related to the Exploration Center that the fair value was based on hours and rates provided by the professional.

Advertising

Advertising costs are expensed as they are incurred. Advertising expense for the year ended December 31, 2021 was \$238,149 and is included in professional and contracted services on the statement of functional expenses and are related to advertising, marketing and promotion of the capital campaign.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Contracted and professional services and other expenses are directly identifiable and charged to the function that the expense supports. In-kind services and wages and benefits are allocated based on time and effort.

Farming for the Future Foundation, Inc.

Notes to Financial Statements
December 31, 2021

Tax-Exempt Status

The Foundation has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. The Foundation has been determined to be a private foundation within IRC 509(a) and is subject to an excise tax on its net investment returns and unrelated business income tax on certain investment activity.

The Foundation follows the accounting standard on accounting for uncertainty in income taxes, which requires recognition and disclosure of uncertain tax positions in the financial statements when it is more likely than not, based on technical merits, that the position will not be sustained upon examination. The Foundation does not believe it has taken any material uncertain tax positions, and accordingly, it has not recorded any liability for unrecognized tax benefits.

Accounting Estimates

The preparation of financial statements 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). Management is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the statement of financial position. The Foundation will be required to apply the standard for fiscal years and reporting periods beginning after December 15, 2021 (2022). Management is currently evaluating the impact of ASU No. 2016-02 on its financial statements.

Subsequent Events

The Foundation has evaluated events through November 8, 2022, which is the date the financial statements were approved and available to be issued. '

The Foundation invests in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. Through October 2022, the Foundation's investments had a market decline of approximately \$645,000 or approximately 14%. The Foundation does not expect the market decline to have an impact on its 2022 operations.

The Foundation entered into a \$10,000,000 promissory note in September 2022. The line is secured by all business assets of the Foundation, has an interest rate of 4.50 percent, and matures on September 1, 2025.

Farming for the Future Foundation, Inc.

Notes to Financial Statements
December 31, 2021

2. Availability of Financial Assets

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

Total assets, at year-end	\$ 21,104,057
Less non-financial assets:	
Property and equipment, net	<u>(2,737,679)</u>
Financial assets, at year-end	18,366,378
Less those unavailable for general expenditures within one year, due to:	
Net assets with donor restrictions	<u>(15,165,870)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,200,508</u>

The Foundation's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Amounts not available include funds restricted by donors for the capital campaign and other purposes of the Foundation.

3. Fair Value of Financial Instruments

As defined by current authoritative guidance, 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. In determining fair value, the Foundation uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated or generally unobservable inputs. Whenever possible, the Foundation attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

Farming for the Future Foundation, Inc.

Notes to Financial Statements

December 31, 2021

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity mutual funds and stocks	\$ 1,718,893	\$ 1,718,893	\$ -	\$ -
Foreign equities	70,626	70,626	-	-
Fixed income mutual funds	2,517,659	2,517,659	-	-
Exchange traded funds	<u>158,670</u>	<u>158,670</u>	<u>-</u>	<u>-</u>
Investments measured at fair value	4,465,848	<u>\$ 4,465,848</u>	<u>\$ -</u>	<u>\$ -</u>
Money market funds	<u>44,586</u>			
Total investments	<u>\$ 4,510,434</u>			

The fair value of equity mutual funds, stocks, foreign equities, fixed income mutual funds and exchange traded funds, is based on quoted prices on public exchanges at year end and are considered Level 1 investments.

4. Pledges Receivable

Gross contributions (pledges) receivable are reported in the statement of financial position net of allowances for uncollectible amounts and unamortized discounts.

Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. A discount rate of 3.25% is used in 2021.

The outstanding balances of pledges receivable as of December 31 are expected to be collected according to the following schedule:

Years ending December 31:	
2022	\$ 1,683,682
2023	1,867,334
2024	1,284,000
2025	569,000
2026	222,000
Thereafter	<u>300,000</u>
Gross pledges receivable	5,926,016
Less discount	<u>(339,881)</u>
Net pledges receivable	5,586,135
Less current portion	<u>(1,683,682)</u>
Long-term portion	<u>\$ 3,902,453</u>

Farming for the Future Foundation, Inc.

Notes to Financial Statements

December 31, 2021

5. Net Assets

Net assets with donor restrictions as of December 31 consist of:

Time and purpose:	
Exploration Center, capital campaign	\$ 14,317,249
Exploration Center, operations	550,000
School outreach education	<u>298,621</u>
Total restricted by time and purpose	<u>\$ 15,165,870</u>

6. Retirement Plan

The Foundation maintains a 401(k) retirement plan for its employees. The Foundation makes discretionary contributions on behalf of employees. Contributions for the year ended December 31, 2021 were \$12,242.

7. Capital Campaign

In 2020, the Foundation began a \$25 million capital campaign to construct the Exploration Center. The Exploration Center will feature hands on exhibits, teaching farm, children's museum, science center and community workshop and is slated to open in the summer of 2023.

The Foundation has contracts with a company for design, planning and construction of the Farm and Exploration Center for approximately \$24.6 million. As of December 31, 2021, approximately \$24.1 million is remaining on the contract to be spent. Construction of the Farm and Exploration Center did not begin until 2022 and assets will be placed in service in future years as construction is completed. As of December 31, 2021, the Foundation has raised approximately \$15 million in donations as part of the capital campaign.

8. Related Parties

During the year ending December 31, 2021, the Foundation has received approximately 60% of contributions from Board members or companies in which Board members are associated. In addition, 68% of the pledges receivable as of December 31, 2021 is due from Board members or companies in which Board members are associated.