The Land Institute

Independent Auditor's Report and Financial Statements

June 30, 2021 and 2020

BKD LLP
CPAs & Advisors

The Land Institute
June 30, 2021 and 2020

Contents

BKD
CPAs & Advisors

1201 Walnut Street, Suite 1700 | Kansas City, MO 64106-2246
816.221.6300 | Fax 816.221.6380 | bkd.com

Independent Auditor's Report

Board of Directors
The Land Institute
Salina, Kansas

We have audited the accompanying financial statements of The Land Institute (the Institute), which comprise the statement of financial position as of June 30, 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.

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 audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 The Land Institute as of June 30, 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.

Emphasis of Matter – Prior Year Audited by Other Auditors

The 2020 financial statements, before they were restated for the matter discussed in Note 16, were audited by other auditors, and their report thereon, dated November 4, 2020, expressed an unmodified opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2021, the Institute adopted the Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

BKD, LLP

Kansas City, Missouri
November 17, 2021

The Land Institute

Statements of Financial Position

June 30, 2021 and 2020

Assets

	2021	2020 *Restated - Note 16*
Current Assets		
Cash and cash equivalents	$ 8,960,570	$ 6,064,664
Investments	2,454,025	1,254,705
Grants receivable	255,742	110,064
Contributions receivable	505,000	500,000
Interest receivable	6,965	8,671
Prepaid expenses	173,331	87,303
Inventory	14,729	13,189
Total current assets	12,370,362	8,038,596
Other Assets		
Investments	921,289	2,115,462
Interest in assets at Greater Salina Community Foundation	34,677	26,066
Contributions receivable	680,000	-
Property and equipment, net	8,279,084	8,091,382
Total other assets	9,915,050	10,232,910
Total assets	$ 22,285,412	$ 18,271,506

Liabilities and Net Assets

	2021	2020 *Restated - Note 16*
Current Liabilities		
Accounts payable	$ 157,268	$ 103,146
Accrued expenses	133,891	113,344
Refundable advances	579,633	439,672
Loan payable	-	567,000
Deferred compensation	311,000	-
Deferred revenue	42,000	42,000
Total current liabilities	1,223,792	1,265,162
Net Assets		
Without donor restrictions	18,421,623	16,420,435
With donor restrictions	2,639,997	585,909
Total net assets	21,061,620	17,006,344
Total liabilities and net assets	$ 22,285,412	$ 18,271,506

The Land Institute
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions and grants	$ 6,273,731	$ 3,070,000	$ 9,343,731
Reimbursement of joint project expenses	100,271	-	100,271
Net gain on extinguishment of loan payable	570,339	-	570,339
Investment income	59,060	-	59,060
Other	32,606	-	32,606
Net assets released from restrictions	1,015,912	(1,015,912)	-
Total revenues, gains and other support	8,051,919	2,054,088	10,106,007
Expenses			
Program Services			
Education and public policy	1,174,126	-	1,174,126
NSA research	3,622,361	-	3,622,361
Total program services	4,796,487	-	4,796,487
Support Services			
Management and general	710,104	-	710,104
Fundraising	544,140	-	544,140
Total support services	1,254,244	-	1,254,244
Total expenses	6,050,731	-	6,050,731
Change in Net Assets	2,001,188	2,054,088	4,055,276
Net Assets, Beginning of Year	16,420,435	585,909	17,006,344
Net Assets, End of Year	$ 18,421,623	$ 2,639,997	$ 21,061,620

The Land Institute
Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions and grants	$ 4,858,121	$ 1,050,000	$ 5,908,121
Reimbursement of joint project expenses	243,339	-	243,339
Investment income	64,645	-	64,645
Other	60,683	-	60,683
Net assets released from restrictions	561,003	(561,003)	-
Total revenues, gains and other support	5,787,791	488,997	6,276,788
Expenses			
Program Services			
Education and public policy	1,054,165	-	1,054,165
NSA research	3,349,647	-	3,349,647
Total program services	4,403,812	-	4,403,812
Support Services			
Management and general	401,600	-	401,600
Fundraising	450,084	-	450,084
Total support services	851,684	-	851,684
Total expenses	5,255,496	-	5,255,496
Change in Net Assets	532,295	488,997	1,021,292
Net Assets, Beginning of Year	15,888,140	96,912	15,985,052
Net Assets, End of Year	$ 16,420,435	$ 585,909	$ 17,006,344

The Land Institute

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services			Support Services			
	Education and Public Policy	NSA Research	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 736,268	$ 1,871,190	$ 2,607,458	$ 236,988	$ 369,222	$ 606,210	$ 3,213,668
Payroll taxes	51,695	115,470	167,165	17,081	26,620	43,701	210,866
Employee benefits	102,081	256,258	358,339	343,632	50,918	394,550	752,889
Employee recruitment	-	1,920	1,920	1,101	315	1,416	3,336
Total salaries and related expenses	890,044	2,244,838	3,134,882	598,802	447,075	1,045,877	4,180,759
Advertising, promotion and printing	11,011	4,388	15,399	691	10,165	10,856	26,255
Books, subscriptions and dues	1,458	8,724	10,182	204	4,306	4,510	14,692
Computer expense	32,874	84,110	116,984	12,919	11,295	24,214	141,198
Contract services	72,035	139,443	211,478	53,361	14,690	68,051	279,529
Direct mailing	-	-	-	-	7,174	7,174	7,174
Events	323	-	323	-	74	74	397
Insurance	23,686	59,836	83,522	8,114	12,414	20,528	104,050
Advisory and board meetings	-	-	-	517	-	517	517
Small equipment	2,179	52,738	54,917	2,348	465	2,813	57,730
Maintenance and repairs	8,486	109,786	118,272	3,980	3,681	7,661	125,933
Rent and utilities	28,994	84,878	113,872	9,432	14,635	24,067	137,939
Office supplies and repairs	4,115	10,446	14,561	1,301	2,664	3,965	18,526
Postage and freight	2,321	12,515	14,836	385	1,899	2,284	17,120
Professional services	6,957	35,407	42,364	6,593	9,882	16,475	58,839
Land report and other publications	35,425	-	35,425	-	-	-	35,425
Research stipends	50,000	294,068	344,068	-	-	-	344,068
Supplies and materials	304	127,420	127,724	-	-	-	127,724
Interest	-	-	-	3,339	-	3,339	3,339
Taxes	625	2,035	2,660	209	322	531	3,191
Travel	1,789	11,734	13,523	6,754	3,140	9,894	23,417
Honorarium	1,500	-	1,500	-	-	-	1,500
Bad debt	-	-	-	1,080	-	1,080	1,080
Miscellaneous	-	12,987	12,987	75	259	334	13,321
Total expenses before depreciation and amortization	1,174,126	3,295,353	4,469,479	710,104	544,140	1,254,244	5,723,723
Depreciation and amortization	-	327,008	327,008	-	-	-	327,008
Total expenses	$ 1,174,126	$ 3,622,361	$ 4,796,487	$ 710,104	$ 544,140	$ 1,254,244	$ 6,050,731

See Notes to Financial Statements

The Land Institute

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services			Support Services			
	Education and Public Policy	NSA Research	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 584,695	$ 1,728,427	$ 2,313,122	$ 200,960	$ 304,377	$ 505,337	$ 2,818,459
Payroll taxes	36,924	124,591	161,515	11,212	15,714	26,926	188,441
Employee benefits	84,747	251,655	336,402	29,155	44,172	73,327	409,729
Employee recruitment	-	500	500	1,359	140	1,499	1,999
Total salaries and related expenses	706,366	2,105,173	2,811,539	242,686	364,403	607,089	3,418,628
Advertising, promotion and printing	7,042	849	7,891	2,506	7,164	9,670	17,561
Books, subscriptions and dues	2,936	8,645	11,581	1,332	236	1,568	13,149
Communications	2,162	446	2,608	54	82	136	2,744
Computer expense	16,676	79,147	95,823	7,492	8,942	16,434	112,257
Contract services	12,780	154,060	166,840	6,235	7,935	14,170	181,010
Direct mailing	-	-	-	-	10,360	10,360	10,360
Events	60,404	4,876	65,280	-	161	161	65,441
Insurance	21,687	65,980	87,667	7,756	11,642	19,398	107,065
Advisory and board meetings	-	-	-	13,448	-	13,448	13,448
Small equipment	640	11,568	12,208	-	168	168	12,376
Maintenance and repairs	10,401	100,748	111,149	2,817	2,436	5,253	116,402
Rent and utilities	33,877	89,591	123,468	8,596	12,989	21,585	145,053
Office supplies and repairs	3,036	9,294	12,330	1,438	2,212	3,650	15,980
Postage and freight	1,451	17,468	18,919	360	3,122	3,482	22,401
Professional services	3,504	46,529	50,033	20,413	1,754	22,167	72,200
Land report and other publications	35,154	-	35,154	-	-	-	35,154
Research stipends	86,178	163,802	249,980	-	-	-	249,980
Supplies and materials	1,257	143,397	144,654	-	-	-	144,654
Taxes	663	1,786	2,449	209	322	531	2,980
Travel	18,178	47,033	65,211	6,861	16,156	23,017	88,228
Miscellaneous	29,773	-	29,773	4,583	-	4,583	34,356
Total expenses before depreciation and amortization	1,054,165	3,050,392	4,104,557	326,786	450,084	776,870	4,881,427
Depreciation and amortization	-	299,255	299,255	74,814	-	74,814	374,069
Total expenses	$ 1,054,165	$ 3,349,647	$ 4,403,812	$ 401,600	$ 450,084	$ 851,684	$ 5,255,496

See Notes to Financial Statements

The Land Institute
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020 *Restated - Note 16*
Cash Flows from Operating Activities		
Change in net assets	$ 4,055,276	$ 1,021,292
Items not requiring (providing) operating activities cash flows		
Depreciation	327,008	374,069
Gain on sale of property, plant and equipment	(3,544)	-
Contributed investments	-	(59,679)
Change in interest in assets of Foundation	(8,611)	(894)
Deferred compensation expense	311,000	-
Gain on investments	(2,563)	-
Interest applied to loan payable	3,339	-
Net gain on extinguishment of loan payable	(570,339)	-
Changes in		
Grants receivable	(145,678)	(1,853)
Interest receivable	1,706	(544)
Contributions receivable	(685,000)	(498,000)
Inventory	(1,540)	(1,332)
Prepaid expenses	(86,028)	19,084
Accounts payable	54,122	66,121
Accrued expenses	20,547	30,128
Refundable advances	139,961	(647,500)
Deferred income	-	21,000
Net cash provided by operating activities	3,409,656	321,892
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(518,005)	(104,341)
Proceeds from disposition of property and equipment	6,839	-
Proceeds from maturity of certificates of deposit	1,254,705	2,118,194
Purchases of certificates of deposit	(1,257,289)	(2,123,878)
Proceeds from sale of donated investments	-	59,797
Net cash used in investing activities	(513,750)	(50,228)
Cash Flows from Financing Activities		
Proceeds from loan payable	-	567,000
Net cash provided by financing activities	-	567,000
Net Increase in Cash and Cash Equivalents	2,895,906	838,664
Cash and Cash Equivalents, Beginning of Year	6,064,664	5,226,000
Cash and Cash Equivalents, End of Year	$ 8,960,570	$ 6,064,664

The Land Institute
Notes to Financial Statements
June 30, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Land Institute (the Institute) is a not-for-profit organization whose mission and principal activities are to research and develop new perennial grain crops, ecologically intensified and diversified cropping systems, and socially just and equitable agroecosystems that function within ecological limits. The Institute's revenues and other support are derived principally from individual, foundation and corporate contributions. In addition, the Institute receives federal and state grants.

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 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Institute considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts and assets limited as to use, are considered to be cash and cash equivalents. Deposit accounts restricted internally by the Board are considered to be cash and cash equivalents. At June 30, 2021 and 2020 (restated), cash equivalents consisted primarily of money market accounts with brokers.

At June 30, 2021, the Institute's cash accounts did not exceed federally insured limits.

Receivables

Pledge receivables and accounts receivable are stated at the amount of consideration from donors or grantors, of which the Institute has an unconditional right to receive. The Institute evaluates the need for an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. No allowance for doubtful accounts was recorded at June 30, 2021 and 2020.

Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the donor or grantor.

During the years ended June 30, 2021 or 2020, the Institute did not have any impairment losses on doubtful receivables, where collectability is not reasonably assured.

Inventories

Inventories consist of books, mugs, water bottles and clothing. Inventories are stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out (FIFO) method.

Investments

The Institute measures securities, other than investments that qualify for the equity method of accounting, at fair value.

Investment return includes, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment acquisitions over $2,500 are stated at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	15 – 40 years
Equipment and vehicles	5 – 15 years

Long-Lived Asset Impairment

The Institute evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2021 and 2020.

Deferred Revenue and Refundable Advances

Revenue for conditional grants and contributions is deferred and recognized when expenses are incurred.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Institute either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Institute overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as the Institute meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Institute is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Institute is subject to federal income tax on any unrelated business taxable income.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program and support categories based on reasonable estimates of time and effort applied to each category and other methods.

Coronavirus Aid, Relief, and Economic Security Act

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act* (Cares Act). In April 2020, the Institute received a loan in the amount of $567,000 pursuant to the Payroll Protection Program (PPP) established by the *CARES Act* and elected to account for the funding as a loan payable in accordance with ASC Topic 470, *Debt*. Interest is accrued in accordance with the loan agreement. Forgiveness of the loan and accrued interest is recognized as a gain in the financial statements in the accompanying statement of activities for the year ended June 30, 2021, which is the period the debt was legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Change in Accounting Principle

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), that replaces existing revenue recognition guidance. The new standard requires organizations to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Institute adopted this standard on July 1, 2020, using a modified retrospective approach. Comparative prior period information has not been adjusted and continues to be reported in accordance with previous revenue recognition guidance in ASC Topic 605 — *Revenue Recognition*. The Institute has applied the new standard to all contracts.

The Institute's adoption of Topic 606 did not result in a material change to the timing of revenue recognition.

The Institute has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Institute's expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payor pays for that service will be one year or less.

However, the Institute does, in certain instances, enter into payment agreements with customers that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	$ 405,000	$ 100,000	$ 505,000
Due within one to five years	680,000	-	680,000
	$ 1,085,000	$ 100,000	$ 1,185,000

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	$ -	$ 500,000	$ 500,000

Note 4: Interest in Assets at Greater Salina Community Foundation

The Institute has transferred assets to Greater Salina Community Foundation (the Foundation) and retained a beneficial interest in those assets. The Institute has granted variance power to Greater Salina Community Foundation to exercise ultimate authority and control over the assets. Should the purpose for which the fund at the Foundation was created ever become obsolete or incapable of fulfillment, or should the Institute cease to exist, the Foundation will disperse any distributions from the fund to a similar charity comparable to the Institute for purposes as similar as possible to those set forth in the Institute's agreement with the Foundation.

The fair value of the retained beneficial interest included in the statements of financial position was $34,677 and $26,066 at June 30, 2021 and 2020, respectively.

Note 5: Property and Equipment

Property and equipment at June 30, 2021 and 2020 consists of:

	2021	2020
Land	$ 2,111,224	$ 2,030,308
Land improvements	77,533	77,533
Buildings	7,281,838	6,898,397
Leasehold improvements	68,016	58,597
Equipment	2,225,708	2,190,936
Vehicles	108,193	105,958
Equipment in progress	15,381	24,409
	11,887,893	11,386,138
Less: accumulated depreciation	3,608,809	3,294,756
	$ 8,279,084	$ 8,091,382

Note 6: Loan Payable

As described in *Note 1,* in April 2020, the Institute received a loan in the amount of $567,000 pursuant to the Paycheck Protection Program. On December 28, 2020, the Institute received notification from the Small Business Administration that all of its PPP loan and related interest has been forgiven. The Institute has recognized the forgiveness of the loan and accrued interest as a net gain on debt extinguishment in the accompanying statement of activities for the year ended June 30, 2021.

Note 7: Pension and Other Postretirement Benefit Plan

Defined Contribution Plan

The Institute has a defined contribution pension plan covering substantially all employees. The Institute contributes 5 percent of each eligible employees salary to the Plan. Contribution expense was $99,600 and $85,529 for the years ended June 30, 2021 and 2020, respectively.

Deferred Compensation Agreement

The Institute has an unfunded deferred compensation agreement with its president emeritus and co-founder that provides, upon retirement, $46,000 in benefits annually for life. The present value of total estimated deferred compensation is accrued in the accompanying statements of financial position. Expense for the year ended June 30, 2021 was $311,100.

Note 8: Conditional Gifts

The Institute has received the following conditional promise to give at June 30, 2021 and 2020 that is not recognized in the financial statements:

	2021	2020
Conditional promise to give	$ 3,000,000	$ 4,500,000

The Institute received this conditional promise to give in November 2019, which totaled $7,500,000 for the period November 2019 to November 2024. The donor may terminate the grant agreement immediately if any terms or conditions of the grant agreement are violated, if any portion of the grant funds are spent or disbursed for purposes other than those permitted by the grant agreement, if the Institute ceases to be a tax-exempt organization, if the donor determines that the Institute is not capable of satisfactorily completing its work, or for any other reason in the donor's discretion. The donor also reserves the right to unilaterally revise the terms and conditions of the grant agreement if there is a change in the chief executive officer or other key position.

Note 9: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose		
NSA research	$ 2,599,997	$ 45,909
Subject to the passage of time	-	500,000
Endowment	40,000	40,000
Total net assets with donor restrictions	$ 2,639,997	$ 585,909

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30 have been designated for the following purposes:

	2021	2020
Undesignated	$ 9,748,515	$ 7,459,053
Designated by the Board for endowment	394,024	870,000
Invested in property and equipment	8,279,084	8,091,382
Net assets without donor restrictions	$ 18,421,623	$ 16,420,435

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2021	2020
Satisfaction of purpose restrictions		
NSA research	$ 510,912	$ 559,003
Management and general	5,000	-
Education (communication)	-	2,000
Expiration of time restrictions	500,000	-
Total net assets released from restrictions	$ 1,015,912	$ 561,003

Note 10: Endowment

The Institute's governing body is subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). As a result, the Institute classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with UPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Institute and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments

6. Other resources of the Institute
7. Investment policies of the Institute

The Institute's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2021 and 2020, was:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 394,024	$ -	$ 394,024
Donor-restricted endowment funds required to be maintained in perpetuity by donor	-	40,000	40,000
Total endowment funds	$ 394,024	$ 40,000	$ 434,024

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 870,000	$ -	$ 870,000
Donor-restricted endowment funds required to be maintained in perpetuity by donor	-	40,000	40,000
Total endowment funds	$ 870,000	$ 40,000	$ 910,000

Change in endowment net assets for the years ended June 30, 2021 and 2020 were:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 870,000	$ 40,000	$ 910,000
Net investment return	7,159	135	7,294
Appropriation of endowment assets for expenditure	(483,135)	(135)	(483,270)
Endowment net assets, end of year	$ 394,024	$ 40,000	$ 434,024

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 870,000	$ 40,000	$ 910,000
Net investment return	13,726	129	13,855
Appropriation of endowment assets for expenditure	(13,726)	(129)	(13,855)
Endowment net assets, end of year	$ 870,000	$ 40,000	$ 910,000

Investment and Spending Policies

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Institute must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Institute's policies, endowment assets are invested in a manner that is intended to preserve the endowment for the long-term needs of the Institute while assuming a low level of investment risk.

To satisfy its long-term rate of return objectives, the Institute relies on fully insured certificate of deposits and money market accounts.

The Institute has a spending policy of appropriating for expenditure each year all of its endowment earnings for operation. Accordingly, over the long term, the Institute expects the current spending policy to allow its endowment to preserve its balance. This is consistent with the Institute's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 11: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 and 2020, comprise the following:

	2021	
	Financial Assets	Available Liquidity
Cash and cash equivalents	$ 8,960,570	$ 8,960,570
Investments	3,375,314	2,454,025
Contributions, grants and interest receivable	1,447,707	767,707
	$ 13,783,591	$ 12,182,302

	2020 (Restated)	
	Financial Assets	Available Liquidity
Cash and cash equivalents	$ 6,064,664	$ 6,064,664
Investments	3,370,167	1,254,705
Contributions, grants and interest receivable	618,735	618,735
	$ 10,053,566	$ 7,938,104

The board-designated endowment of $394,024 is subject to an annual spending that allows endowment earnings to be spent for operations, as described in *Note 9*. Although the Institute does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Note 12: Collaborative Arrangement

The Institute and the Malone Family Land Preservation Foundation entered into a joint project agreement on September 15, 2014 to further the research and development of perennial agriculture. The project is referred to as "The Perennial Agriculture Project in conjunction with the Malone Family Land Preservation Foundation and The Land Institute" (the Project). The agreement shall continue through December 31, 2029 unless terminated prior to that date in accordance with the provisions of the agreement.

The Malone Family Land Preservation Foundation will provide up to $1.5 million each year during the term of the agreement to pay costs directly associated with the Project. It shall first pay expenses that it directly incurs, and if that amount is less than $1.5 million in a calendar year, it will reimburse the Institute for reasonable project related expenses incurred by the Institute up to a maximum of $1.5 million of combined expenses for the two entities. The Malone Family Land Preservation Foundation may choose to exceed the annual $1.5 million cap in any particular calendar year but must reduce the $1.5 million cap by a like amount in the future.

The project costs may include land acquisitions, construction of facilities, and purchasing equipment. Real property, buildings, or other facilities and equipment acquired by The Malone Family Land Preservation Foundation shall remain its property during the term of the agreement and thereafter. However, at the conclusion of the agreement, the Institute may purchase any such real property, buildings or other facilities and equipment at fair market value if the Malone Family Land Preservation Foundation chooses to sell such assets. Any assets purchased by the Institute (and not reimbursed by the Malone Family Land Preservation Foundation) will remain the property of the Institute during the term of the agreement and thereafter, but the Malone Family Land Preservation Foundation will continue to have the non-exclusive right to use such assets. The Project expenses paid by the Institute will be included in research program expenses.

The Institute presents the revenue from the collaboration arrangement in the statements of activities as reimbursement of joint project expenses. The Institute was reimbursed $100,271 and $243,339 in related expenses for the Project during the years ended June 30, 2021 and 2020, respectively.

Note 13: Related Party Transactions

Contributions received from members of the Board of Directors and organizations related to the Institute totaled $497,832 and $284,290 for the years ended June 30, 2021 and 2020, respectively.

During the fiscal year ended June 30, 2015, the Institute sold land and a homestead in Douglas County, Kansas to the Malone Family Land Preservation Foundation for $1.7 million. The Institute has a joint project agreement with the Malone Family Land Preservation Foundation (see *Note 12*). The Malone Family Land Preservation Foundation will place a conservation easement on the property to bar commercial development in perpetuity. The Institute will continue to access the property to conduct agricultural research and will have first option to buy the property at fair market value in 15 years.

Note 14: Disclosures About Fair Value of Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

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

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021 and 2020:

	2021			
		Fair Value Measurements Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Externally managed investments				
Certificates of deposit	$ 3,375,314	$ -	$ 3,375,314	$ -
Interest in assets at Greater Salina Community Foundation	34,677	-	-	34,677
	$ 3,409,991	$ -	$ 3,375,314	$ 34,677

	2020			
		Fair Value Measurements Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Externally managed investments				
Certificates of deposit	$ 3,370,167	$ -	$ 3,370,167	$ -
Interest in assets at Greater Salina Community Foundation	26,066	-	-	26,066
	$ 3,396,233	$ -	$ 3,370,167	$ 26,066

Externally Managed Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Interest in Assets at Greater Salina Community Foundation

Fair value is estimated using a discounted cash flow model. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Note 15: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions and Pledges Receivable

Approximately 51 percent of all contributions were received from four donors in 2021.

Approximately 82 percent and 100 percent of all contributions receivable were from one donor in 2021 and 2020, respectively.

Note 16: Restatement of Prior-Year Financial Statements

The Statement of Financial Position and the Statement of Cash Flows in the 2020 financial statements have been restated for classification errors between cash equivalents and investments.

The following financial statement line items for 2020 were affected by this correction.

	As Restated	As Previously Reported	Effect of Change
Statement of Financial Position			
Current Assets			
Cash and cash equivalents	$ 6,064,664	$ 8,524,831	$ (2,460,167)
Investments	1,254,705	-	1,254,705
Total current assets	8,038,596	9,230,869	(1,192,273)
Other Assets			
Cash and cash equivalents, restricted	-	870,000	(870,000)
Cash and cash equivalents, endowment	-	40,000	(40,000)
Investments	2,115,462	-	2,115,462
Total other assets	10,232,910	9,040,637	1,192,273
Statement of Cash Flows			
Investing Activities			
Proceeds from maturity of certificates of deposit	2,118,194	-	2,118,194
Purchases of certificates of deposit	(2,123,878)	-	(2,123,878)
Net cash used in investing activities	(50,228)	(44,544)	(5,684)
Net Increase in Cash and Cash Equivalents	838,664	844,348	(5,684)
Cash and Cash Equivalents, Beginning of Year	5,226,000	8,590,483	(3,364,483)
Cash and Cash Equivalents, End of Year	6,064,664	9,434,831	(3,370,167)

Note 17: Subsequent Events

Subsequent events have been evaluated through November 17, 2021, which is the date the financial statements were available to be issued.