The Land Institute

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

The Land Institute
June 30, 2022 and 2021

Contents

FORV/S

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Independent Auditor's Report

Board of Directors
The Land Institute
Salina, Kansas

Opinion

We have audited the financial statements of The Land Institute (the Institute), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years 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 Institute as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Institute'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 Institute'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

FORVIS, LLP

Kansas City, Missouri
November 22, 2022

The Land Institute

Statements of Financial Position

June 30, 2022 and 2021

Assets

	2022	2021
Current Assets		
Cash and cash equivalents	$ 11,726,251	$ 8,960,570
Investments	674,376	2,454,025
Grants receivable	518,858	255,742
Contributions receivable	385,000	505,000
Interest receivable	5,182	6,965
Prepaid expenses	117,210	173,331
Inventory	12,831	14,729
Total current assets	13,439,708	12,370,362
Other Assets		
Investments	856,289	921,289
Interest in assets at Greater Salina Community Foundation	29,216	34,677
Contributions receivable	355,000	680,000
Property and equipment, net	9,882,765	8,279,084
Total other assets	11,123,270	9,915,050
Total assets	$ 24,562,978	$ 22,285,412

Liabilities and Net Assets

	2022	2021
Current Liabilities		
Accounts payable	$ 94,129	$ 157,268
Accrued expenses	387,752	133,891
Refundable advances	1,047,417	579,633
Deferred compensation	297,800	311,000
Deferred revenue	-	42,000
Total current liabilities	1,827,098	1,223,792
Net Assets		
Without donor restrictions	20,321,061	18,421,623
With donor restrictions	2,414,819	2,639,997
Total net assets	22,735,880	21,061,620
Total liabilities and net assets	$ 24,562,978	$ 22,285,412

The Land Institute
Statement of Activities
Year Ended June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions and grants	$ 6,781,048	$ 140,000	$ 6,921,048
Reimbursement of joint project expenses	156,268	-	156,268
Contributions of nonfinancial assets	1,524,000	-	1,524,000
Investment income	25,712	-	25,712
Other	9,949	-	9,949
Net assets released from restrictions	365,178	(365,178)	-
Total revenues, gains and other support	8,862,155	(225,178)	8,636,977
Expenses			
Program Services			
Education and public policy	1,127,584	-	1,127,584
NSA research	4,538,525	-	4,538,525
Total program services	5,666,109	-	5,666,109
Support Services			
Management and general	581,218	-	581,218
Fundraising	715,390	-	715,390
Total support services	1,296,608	-	1,296,608
Total expenses	6,962,717	-	6,962,717
Change in Net Assets	1,899,438	(225,178)	1,674,260
Net Assets, Beginning of Year	18,421,623	2,639,997	21,061,620
Net Assets, End of Year	$ 20,321,061	$ 2,414,819	$ 22,735,880

The Land Institute

Statement of Activities

Year Ended June 30, 2021

	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 Functional Expenses
Year Ended June 30, 2022

	Program Services			Support Services			
	Education and Public Policy	NSA Research	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 662,728	$ 2,213,655	$ 2,876,383	$ 228,726	$ 416,386	$ 645,112	$ 3,521,495
Payroll taxes	46,677	156,743	203,420	18,894	28,786	47,680	251,100
Employee benefits	100,647	315,236	415,883	17,387	64,290	81,677	497,560
Employee recruitment	103	3,474	3,577	10,041	283	10,324	13,901
Total salaries and related expenses	810,155	2,689,108	3,499,263	275,048	509,745	784,793	4,284,056
Advertising, promotion and printing	52,735	7,870	60,605	273	22,281	22,554	83,159
Books, subscriptions and dues	8,834	20,715	29,549	2,822	6,430	9,252	38,801
Computer expense	22,600	103,247	125,847	9,098	12,651	21,749	147,596
Contract services	50,464	323,064	373,528	54,630	24,750	79,380	452,908
Direct mailing	10,308	39,905	50,213	8,640	17,339	25,979	76,192
Events	3,304	9,215	12,519	-	8,077	8,077	20,596
Insurance	27,287	86,726	114,013	8,753	15,940	24,693	138,706
Advisory and board meetings	-	-	-	14,782	-	14,782	14,782
Small equipment	3,422	63,644	67,066	7,080	-	7,080	74,146
Maintenance and repairs	16,395	172,219	188,614	7,460	9,143	16,603	205,217
Rent and utilities	24,569	100,920	125,489	8,574	15,946	24,520	150,009
Office supplies and repairs	5,308	10,808	16,116	1,853	2,618	4,471	20,587
Postage and freight	2,988	12,104	15,092	574	2,218	2,792	17,884
Professional services	12,699	53,444	66,143	70,913	27,679	98,592	164,735
Research stipends	53,314	247,807	301,121	-	-	-	301,121
Supplies and materials	2,569	228,063	230,632	-	-	-	230,632
Taxes	899	2,719	3,618	335	493	828	4,446
Travel	16,284	74,703	90,987	36,597	38,935	75,532	166,519
Honorarium	2,258	-	2,258	-	-	-	2,258
Bad debt	-	-	-	1,007	-	1,007	1,007
Miscellaneous	1,192	3,769	4,961	660	1,145	1,805	6,766
Total expenses before depreciation and amortization	1,127,584	4,250,050	5,377,634	509,099	715,390	1,224,489	6,602,123
Depreciation and amortization	-	288,475	288,475	72,119	-	72,119	360,594
Total expenses	$ 1,127,584	$ 4,538,525	$ 5,666,109	$ 581,218	$ 715,390	$ 1,296,608	$ 6,962,717

See Notes to Financial Statements

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

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ 1,674,260	$ 4,055,276
Items not requiring (providing) operating activities cash flows		
Depreciation	360,594	327,008
(Gain) loss on sale of property, plant and equipment	14,800	(3,544)
Contributed property	(1,524,000)	-
Change in interest in assets of Foundation	5,461	(8,611)
Deferred compensation expense	(13,200)	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	(263,116)	(145,678)
Interest receivable	1,783	1,706
Contributions receivable	445,000	(685,000)
Inventory	1,898	(1,540)
Prepaid expenses	56,121	(86,028)
Accounts payable	(63,139)	54,122
Accrued expenses	253,861	20,547
Refundable advances	467,784	139,961
Deferred income	(42,000)	-
Net cash provided by operating activities	1,376,107	3,409,656
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(455,075)	(518,005)
Proceeds from disposition of property and equipment	-	6,839
Proceeds from maturity of certificates of deposit	2,464,025	1,254,705
Purchases of certificates of deposit	(619,376)	(1,257,289)
Net cash provided by (used in) investing activities	1,389,574	(513,750)
Net Increase in Cash and Cash Equivalents	2,765,681	2,895,906
Cash and Cash Equivalents, Beginning of Year	8,960,570	6,064,664
Cash and Cash Equivalents, End of Year	$ 11,726,251	$ 8,960,570

The Land Institute
Notes to Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021, cash equivalents consisted primarily of money market accounts with brokers.

At June 30, 2022, the Institute's cash accounts did not exceed federally insured limits.

Receivables

Contribution 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, 2022 and 2021.

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

During the years ended June 30, 2022 or 2021, 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, 2022 and 2021.

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

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.

Note 2: Contributions Receivable

Contributions receivable consisted of the following:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	$ 385,000	$ -	$ 385,000
Due within one to five years	355,000	-	355,000
	$ 740,000	$ -	$ 740,000

	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

Note 3: 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 $29,216 and $34,677 at June 30, 2022 and 2021, respectively.

Note 4: Property and Equipment

Property and equipment at June 30, 2022 and 2021 consists of:

	2022	2021
Land	$ 3,635,224	$ 2,111,224
Land improvements	77,533	77,533
Buildings	7,362,577	7,281,838
Leasehold improvements	68,016	68,016
Equipment	2,598,125	2,225,708
Vehicles	100,585	108,193
Equipment in progress	-	15,381
	13,842,060	11,887,893
Less: accumulated depreciation	3,959,295	3,608,809
	$ 9,882,765	$ 8,279,084

Note 5: 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 6: 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 $114,877 and $99,600 for the years ended June 30, 2022 and 2021, 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. The Institute annually determines the present value of the liability based upon the expected retirement date of the individual and the estimated number of payments required subsequent to their retirement date. Expense for the years ended June 30, 2022 and 2021 was $(13,200) and $311,100, respectively.

Note 7: Conditional Gifts

The Institute has received the following conditional promise to give at June 30, 2022 and 2021 that is not recognized in the financial statements:

	2022	2021
Conditional promise to give	$ 1,500,000	$ 3,000,000

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 8: Net Assets

Net Assets With Donor Restrictions

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

	2022	2021
Subject to expenditure for specified purpose		
NSA research	$ 2,374,819	$ 2,599,997
Endowment	40,000	40,000
Total net assets with donor restrictions	$ 2,414,819	$ 2,639,997

Net Assets Without Donor Restrictions

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

	2022	2021
Undesignated	$ 10,044,272	$ 9,748,515
Designated by the Board for endowment	394,024	394,024
Invested in property and equipment	9,882,765	8,279,084
Net assets without donor restrictions	$ 20,321,061	$ 18,421,623

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.

	2022	2021
Satisfaction of purpose restrictions		
NSA research	$ 365,178	$ 510,912
Management and general	-	5,000
Expiration of time restrictions	-	500,000
Total net assets released from restrictions	$ 365,178	$ 1,015,912

Note 9: 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, 2022 and 2021, was:

	2022		
	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

	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

Change in endowment net assets for the years ended June 30, 2022 and 2021 were:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 394,024	$ 40,000	$ 434,024
Net investment return	3,943	43	3,986
Appropriation of endowment assets for expenditure	(3,943)	(43)	(3,986)
Endowment net assets, end of year	$ 394,024	$ 40,000	$ 434,024

	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

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 10: 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, 2022 and 2021, comprise the following:

	2022	
	Financial Assets	**Available Liquidity**
Cash and cash equivalents	$ 11,726,251	$ 11,726,251
Investments	1,530,665	674,376
Contributions, grants and interest receivable	1,264,040	909,040
	$ 14,520,956	$ 13,309,667

	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

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 11: 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 $156,268 and $100,271 in related expenses for the Project during the years ended June 30, 2022 and 2021, respectively.

Note 12: Related Party Transactions

Contributions received from members of the Board of Directors and organizations related to the Institute totaled $268,390 and $497,832 for the years ended June 30, 2022 and 2021, 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 11*).

Note 13: 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 tables present 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, 2022 and 2021:

	2022			
		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	$ 1,530,665	$ -	$ 1,530,665	$ -
Interest in assets at Greater Salina Community Foundation	29,216	-	-	29,216
	$ 1,559,881	$ -	$ 1,530,665	$ 29,216

	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

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 14: Contributed Nonfinancial Assets

Change in Accounting Principle

In 2022, the Institute adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

	2022	2021
Land	$ 1,524,000	$ -

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed land will be used to support the mission of the Institute. In valuing the contributed land, which is located in Brookings County, South Dakota, the Institute obtained an appraisal from an independent third party to determine the fair value.

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

Approximately 43 percent and 51 percent of all contributions were received from two donors and four donors in 2022 and 2021, respectively.

Contributions Receivable

Approximately 88 percent and 82 percent of all contributions receivable were from two donors and one donor in 2022 and 2021, respectively.

Significant estimates relating to the allowance of contributions receivable are described in *Note 1*.

Functional Allocation of Expenses

Significant estimates relating to the functional allocation of expenses are described in *Note 1*.

Note 16: Subsequent Events

Subsequent events have been evaluated through November 22, 2022, which is the date the financial statements were available to be issued.