The Land Institute

Independent Auditor’s Report and Financial Statements

June 30, 2024 and 2023

The Land Institute
Contents
June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

Kansas City, Missouri
December 4, 2024

The Land Institute
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,252,256	$ 6,953,797
Investments	8,869,910	6,216,724
Accounts and grants receivable	1,452,961	224,893
Contributions receivable	480,000	680,000
Prepaid expenses	109,031	28,530
Inventory	24,359	22,496
Total current assets	13,188,517	14,126,440
Other Assets		
Right-of-use assets - operating leases	30,016	-
Interest in assets at Greater Salina Community Foundation	138,661	121,691
Contributions receivable	355,000	-
Property and equipment, net	9,767,924	9,866,501
Total other assets	10,291,601	9,988,192
Total assets	$ 23,480,118	$ 24,114,632
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 299,860	$ 192,658
Accrued expenses	458,312	295,304
Refundable advances	817,121	540,510
Deferred compensation	262,600	266,700
Deferred revenue	-	210
Total current liabilities	1,837,893	1,295,382
Other Liabilities		
Operating lease liabilities	29,867	-
Net Assets		
Without donor restrictions	20,691,561	21,224,253
With donor restrictions	920,797	1,594,997
Total net assets	21,612,358	22,819,250
Total liabilities and net assets	$ 23,480,118	$ 24,114,632

The Land Institute
Statement of Activities
Year Ended June 30, 2024

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenues, Gains and Other Support			
Contributions and grants	$ 6,655,801	$ 355,000	$ 7,010,801
Reimbursement of joint project expenses	278,614	-	278,614
Investment income	645,665	-	645,665
Employee retention credit	836,493	-	836,493
Other	80,588	-	80,588
Net assets released from restrictions	1,029,200	(1,029,200)	-
Total revenues, gains and other support	9,526,361	(674,200)	8,852,161
Expenses			
Program Services			
Education and public policy	1,574,494	-	1,574,494
NSA research	6,286,630	-	6,286,630
Total program services	7,861,124	-	7,861,124
Support Services			
Management and general	1,175,617	-	1,175,617
Fundraising	1,022,312	-	1,022,312
Total support services	2,197,929	-	2,197,929
Total expenses	10,059,053	-	10,059,053
Change in Net Assets	(532,692)	(674,200)	(1,206,892)
Net Assets, Beginning of Year	21,224,253	1,594,997	22,819,250
Net Assets, End of Year	$ 20,691,561	$ 920,797	$ 21,612,358

The Land Institute
Statement of Activities
Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenues, Gains and Other Support			
Contributions and grants	$ 8,907,509	$ -	$ 8,907,509
Reimbursement of joint project expenses	172,278	-	172,278
Contributions of nonfinancial assets	225,000	-	225,000
Investment income	353,616	-	353,616
Other	64,821	-	64,821
Net assets released from restrictions	819,822	(819,822)	-
Total revenues, gains and other support	10,543,046	(819,822)	9,723,224
Expenses			
Program Services			
Education and public policy	1,497,106	-	1,497,106
NSA research	6,146,254	-	6,146,254
Total program services	7,643,360	-	7,643,360
Support Services			
Management and general	971,500	-	971,500
Fundraising	1,024,994	-	1,024,994
Total support services	1,996,494	-	1,996,494
Total expenses	9,639,854	-	9,639,854
Change in Net Assets	903,192	(819,822)	83,370
Net Assets, Beginning of Year	20,321,061	2,414,819	22,735,880
Net Assets, End of Year	$ 21,224,253	$ 1,594,997	$ 22,819,250

The Land Institute
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services			Support Services			
	Education and Public Policy	NSA Research	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 790,068	$ 3,070,851	$ 3,860,919	$ 394,364	$ 633,261	$ 1,027,625	$ 4,888,544
Payroll taxes	58,270	217,521	275,791	40,295	44,950	85,245	361,036
Employee benefits	103,981	482,598	586,579	74,633	85,411	160,044	746,623
Employee recruitment	342	7,212	7,554	484	199	683	8,237
Total salaries and related expenses	952,661	3,778,182	4,730,843	509,776	763,821	1,273,597	6,004,440
Advertising, promotion and printing	162,474	30,132	192,606	-	22,627	22,627	215,233
Books, subscriptions and dues	11,382	5,928	17,310	585	3,086	3,671	20,981
Computer expense	14,974	35,607	50,581	10,844	17,559	28,403	78,984
Contract services	199,156	687,325	886,481	51,627	69,887	121,514	1,007,995
Contributions and grants	-	158,270	158,270	-	-	-	158,270
Direct mailing	24,287	64,250	88,537	8,431	19,121	27,552	116,089
Events	26,386	15,439	41,825	1,487	4,459	5,946	47,771
Insurance	25,115	109,904	135,019	24,937	17,068	42,005	177,024
Small equipment	197	46,995	47,192	3,924	248	4,172	51,364
Maintenance and repairs	6,369	169,149	175,518	6,575	4,194	10,769	186,287
Rent and utilities	21,326	112,949	134,275	25,599	14,939	40,538	174,813
Office supplies and repairs	6,415	19,047	25,462	12,804	4,614	17,418	42,880
Other	606	4,723	5,329	1,633	398	2,031	7,360
Postage and freight	-	19,144	19,144	1,335	1,761	3,096	22,240
Professional services	29,833	141,752	171,585	390,725	33,462	424,187	595,772
Supplies and materials	20,467	262,847	283,314	205	126	331	283,645
Research stipends	34,073	152,565	186,638	3,478	195	3,673	190,311
Taxes	5,346	21,751	27,097	21,535	3,823	25,358	52,455
Travel	32,277	118,191	150,468	11,043	40,924	51,967	202,435
Honorarium	1,150	-	1,150	-	-	-	1,150
Total expenses before depreciation and amortization	1,574,494	5,954,150	7,528,644	1,086,543	1,022,312	2,108,855	9,637,499
Depreciation and amortization	-	332,480	332,480	89,074	-	89,074	421,554
Total expenses	$ 1,574,494	$ 6,286,630	$ 7,861,124	$ 1,175,617	$ 1,022,312	$ 2,197,929	$ 10,059,053

The Land Institute
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services			Support Services			
	Education and Public Policy	NSA Research	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 737,720	$ 2,824,208	$ 3,561,928	$ 392,529	$ 580,965	$ 973,494	$ 4,535,422
Payroll taxes	52,512	197,837	250,349	34,368	40,100	74,468	324,817
Employee benefits	95,618	466,414	562,032	4,402	105,328	109,730	671,762
Employee recruitment	3,126	3,882	7,008	892	27	919	7,927
Total salaries and related expenses	888,976	3,492,341	4,381,317	432,191	726,420	1,158,611	5,539,928
Advertising, promotion and printing	152,118	810	152,928	50	14,370	14,420	167,348
Books, subscriptions and dues	2,982	16,887	19,869	875	3,064	3,939	23,808
Computer expense	7,793	44,991	52,784	5,346	7,421	12,767	65,551
Contract services	37,585	522,019	559,604	124,559	26,993	151,552	711,156
Direct mailing	38,848	127,258	166,106	23,618	90,150	113,768	279,874
Events	122,927	11,826	134,753	8,238	9,927	18,165	152,918
Insurance	24,165	123,905	148,070	18,495	25,266	43,761	191,831
Advisory and board meetings	-	-	-	13,763	-	13,763	13,763
Small equipment	149	79,144	79,293	3,169	196	3,365	82,658
Maintenance and repairs	6,446	244,197	250,643	5,206	6,536	11,742	262,385
Rent and utilities	19,919	113,558	133,477	13,305	18,551	31,856	165,333
Office supplies and repairs	1,613	6,328	7,941	1,038	2,512	3,550	11,491
Postage and freight	3,965	19,337	23,302	1,484	2,091	3,575	26,877
Professional services	20,628	126,760	147,388	218,548	47,244	265,792	413,180
Research stipends	142,069	463,554	605,623	-	-	-	605,623
Supplies and materials	2,912	294,185	297,097	512	305	817	297,914
Taxes	3,569	17,041	20,610	2,290	3,331	5,621	26,231
Travel	20,172	158,047	178,219	17,821	40,617	58,438	236,657
Honorarium	270	-	270	-	-	-	270
Bad debt	-	-	-	4,888	-	4,888	4,888
Total expenses before depreciation and amortization	1,497,106	5,862,188	7,359,294	895,396	1,024,994	1,920,390	9,279,684
Depreciation and amortization	-	284,066	284,066	76,104	-	76,104	360,170
Total expenses	$ 1,497,106	$ 6,146,254	$ 7,643,360	$ 971,500	$ 1,024,994	$ 1,996,494	$ 9,639,854

The Land Institute
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	$ (1,206,892)	$ 83,370
Items not requiring (providing) operating activities cash flows		
Depreciation	421,554	360,170
Noncash operating lease expense	3,382	-
Change in interest in assets of Foundation	(16,970)	(1,370)
Deferred compensation expense	(4,100)	(31,100)
Unrealized and realized gains on investments	(55,331)	-
Changes in		
Accounts and grants receivable	(1,228,068)	293,965
Interest receivable	-	5,182
Contributions receivable	(155,000)	60,000
Inventory	(1,863)	(9,665)
Prepaid expenses	(80,501)	88,680
Accounts payable	107,202	98,529
Accrued expenses	163,008	(92,448)
Operating lease liability	(3,531)	-
Refundable advances	276,611	(506,907)
Deferred income (loss)	(210)	210
Net cash provided by (used in) operating activities	(1,780,709)	348,616
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(322,977)	(343,906)
Proceeds from maturity of investments	22,904,125	1,530,665
Transfers to Greater Salina Community Foundation	-	(91,105)
Purchases of investments	(25,501,980)	(6,216,724)
Net cash used in investing activities	(2,920,832)	(5,121,070)
Net Decrease in Cash and Cash Equivalents	(4,701,541)	(4,772,454)
Cash and Cash Equivalents, Beginning of Year	6,953,797	11,726,251
Cash and Cash Equivalents, End of Year	$ 2,252,256	$ 6,953,797
Supplemental Cash Flows Information		
ROU assets obtained in exchange for new operating lease liabilities	$ 33,398	$ -

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, 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, 2024 and 2023, cash equivalents consisted primarily of money market accounts with brokers.

At June 30, 2024, the Institute's cash accounts exceeded federally insured limits by approximately $87,000.

Contributions and Grants Receivable

Contributions receivable and grants 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 uncollectible amounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. No allowance for uncollectible amounts was recorded at June 30, 2024 and 2023.

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

During the years ended June 30, 2024 or 2023, 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 and Net Investment Return

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 $5,000 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. 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 to 40 years
Equipment and vehicles	5 to 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, 2024 and 2023.

Deferred Revenue and Refundable Advances

Revenue for conditional grants and contributions is deferred and recognized when the donor or grantor imposed barrier is met.

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 a 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 having donor stipulations which are satisfied in the period the gift is received 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.

Employee Retention Credit

The *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), and subsequent legislation, provides a refundable employee retention credit (ERC) to eligible employers who meet wither a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. The Institute accounts for the ERC as a government grant under ASC 958-605, *Not-for-Profit Entities: Revenue Recognition.* Under ASC 958-605, the ERC may be recognized once the conditions attached to the grant have been substantially met. During 2024, the Institute determined it incurred qualifying wages and has filed for credits for approximately $836,000.

The following financial statement line items were affected by these transactions:

- The accompanying 2024 statement of financial position includes approximately $836,000 in accounts and grants receivable
- The accompanying 2024 statement of activities includes approximately $836,000 in employee retention credit income

Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Institute's claim to the ERC, and it is not possible to determine the impact this would have on the Institute.

Note 2. Contributions Receivable

Contributions receivable consisted of the following:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	$ 480,000	$ -	$ 480,000
Due within one to five years	-	355,000	355,000
	$ 480,000	$ 355,000	$ 835,000

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	$ 680,000	$ -	$ 680,000

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 the 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 $138,661 and $121,691 at June 30, 2024 and 2023, respectively.

Note 4. Property and Equipment

Property and equipment at June 30, 2024 and 2023 consists of:

	2024	2023
Land	$ 3,635,224	$ 3,635,224
Land improvements	77,533	77,533
Buildings	7,431,913	7,397,343
Leasehold improvements	68,016	68,016
Equipment	3,031,921	2,890,542
Vehicles	245,868	117,246
Computer and IT	18,406	-
	14,508,881	14,185,904
Less: accumulated depreciation	4,740,957	4,319,403
	$ 9,767,924	$ 9,866,501

Note 5. 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% of each eligible employee's salary to the Plan. Contribution expense was $193,775 and $149,423 for the years ended June 30, 2024 and 2023, 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 estimated number of payments required at the end of each year. Expense for the years ended June 30, 2024 and 2023 was $41,900 and $(31,100), respectively.

Note 6. Conditional Gifts

The Institute has received the following conditional promises to give at June 30, 2024 and 2023 that are not recognized in the financial statements:

	2024	2023
Conditional promise to give	$ 455,000	$ 1,500,000

The Institute received a conditional promise to give in November 2019, which totaled $7,500,000 for the period November 2019 to November 2023. 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. The Institute received the final payment during the year ended June 30, 2024.

At June 30, 2024, conditional promises to give upon incurring qualifying expenditures totaled $455,000.

Note 7. Net Assets

Net Assets With Donor Restrictions

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

	2024	2023
Subject to expenditure for specified purpose		
NSA research	$ 525,797	$ 1,554,997
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	355,000	-
Endowment	40,000	40,000
Total net assets with donor restrictions	$ 920,797	$ 1,594,997

Net Assets Without Donor Restrictions

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

	2024	2023
Undesignated	$ 10,529,613	$ 10,963,728
Designated by the Board for endowment	394,024	394,024
Invested in property and equipment	9,767,924	9,866,501
Net assets without donor restrictions	$ 20,691,561	$ 21,224,253

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.

	2024	2023
Satisfaction of purpose restrictions		
NSA research	$ 1,029,200	$ 819,822

Note 8. 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, 2024 and 2023, was:

	2024		
	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

	2023		
	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, 2024 and 2023 were:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 394,024	$ 40,000	$ 434,024
Net investment return	19,008	1,930	20,938
Appropriation of endowment assets for expenditure	(19,008)	(1,930)	(20,938)
Endowment net assets, end of year	$ 394,024	$ 40,000	$ 434,024

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 394,024	$ 40,000	$ 434,024
Net investment return	12,426	128	12,554
Appropriation of endowment assets for expenditure	(12,426)	(128)	(12,554)
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 9. 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, 2024 and 2023, comprise the following:

	2024	
	Financial Assets	Available Liquidity
Cash and cash equivalents	$ 2,252,256	$ 2,252,256
Investments	8,869,910	8,435,886
Contributions, accounts and grants receivable	2,287,961	1,932,961
	$ 13,410,127	$ 12,621,103

	2023	
	Financial Assets	Available Liquidity
Cash and cash equivalents	$ 6,953,797	$ 6,953,797
Investments	6,216,724	5,782,700
Contributions, accounts and grants receivable	904,893	904,893
	$ 14,075,414	$ 13,641,390

The Institute receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended June 30, 2024 and 2023, restricted contributions of $286,323 and $1,554,997, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

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 8*. 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 10. 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 $278,614 and $172,278 in related expenses for the Project during the years ended June 30, 2024 and 2023, respectively.

Note 11. Related Party Transactions

Contributions received from members of the Board of Directors and organizations related to the Institute totaled $280,050 and $302,660 for the years ended June 30, 2024 and 2023, respectively.

The Institute has a joint project agreement with the Malone Family Land Preservation Foundation (see *Note 10*).

Note 12. 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 are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets 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, 2024 and 2023:

	2024			
		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				
Equity Securities				
Common stocks	$ 2,669,697	$ 2,669,697	$ -	$ -
Mutual funds	1,961,371	1,961,371	-	-
Exchange-traded funds	1,673,309	1,673,309	-	-
Debt Securities				
U.S. Treasury obligation	2,565,533	-	2,565,533	-
Total Investments	8,869,910	6,304,377	2,565,533	-
Interest in assets at Greater Salina Community Foundation	138,661	-	-	138,661
	$ 9,008,571	$ 6,304,377	$ 2,565,533	$ 138,661

	2023			
		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	$ 6,216,724	$ -	$ 6,216,724	$ -
Interest in assets at Greater Salina Community Foundation	121,691	-	-	121,691
	$ 6,338,415	$ -	$ 6,216,724	$ 121,691

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2024. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

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.

Transfers To and From Level 3

There were no transfers to and from Level 3 during the year ended June 30, 2024.

Transfers to and from Level 3 and the reasons for those transfers during the year ended June 30, 2023 are as follows:

	Significant Unobservable Inputs (Level 3)	Reason for Transfer
Purchases	$ 91,105	Transferred from cash to Level 3 to generate earnings
Transfers in to Level 3	$ 91,105	

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Interest in Assets at Greater Salina Community Foundation
Balance July 1, 2022	$ 29,216
Unrealized appreciation on investments	1,370
Purchases	91,105
Balance June 30, 2023	121,691
Unrealized appreciation on investments	16,970
Balance June 30, 2023	$ 138,661

Note 13. Contributed Nonfinancial Assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities included:

	2024	2023
Land	$ -	$ 225,000

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

The contributed land received during the year ended June 30, 2023, valued at $225,000, 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 14. 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 47% and 36% of all contributions were received from two donors in 2024 and 2023, respectively.

Contributions Receivable

Approximately 93% and 85% of all contributions receivable were from two donors in 2024 and 2023, 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 15. Subsequent Events

Subsequent events have been evaluated through December 4, 2024, which is the date the financial statements were available to be issued.