

# AG INNOVATIONS NETWORK

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2010



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# SUSAN E. GORANSON, C.P.A.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ag Innovations Network  
Sebastopol, California

We have audited the accompanying statement of financial position of Ag Innovations Network (A California nonprofit public benefit corporation) as of December 31, 2010, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Ag Innovations Network's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ag Innovations Network as of December 31, 2010, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*SUSAN E GORANSON, CPA*

October 17, 2011  
Santa Rosa, California

AG INNOVATIONS NETWORK  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2010

ASSETS

Current assets:	
Cash and cash equivalents	\$ 671,259
Accounts receivable	191,072
Deposits and prepaid expenses	<u>1,900</u>
Total current assets	<u>864,231</u>
Fixed assets:	
Equipment and fixtures	10,554
Less accumulated depreciation	<u>(5,647)</u>
Total fixed assets	<u>4,907</u>
Total assets	<u>\$ 869,138</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 6,839
Accrued expense	<u>9,864</u>
Total current liabilities	<u>16,703</u>
Net Assets:	
Temporarily restricted	291,119
Unrestricted	<u>561,316</u>
Total net assets	<u>852,435</u>
Total liabilities and net assets	<u>\$ 869,138</u>

The accompanying notes are an integral part of these financial statements

AG INNOVATIONS NETWORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Grants and contracts	\$ 884,005	\$ 261,474	\$ 1,145,479
Contributions and sponsorships	385,105		385,105
Service fee revenue	363,623		363,623
Reimbursed expenses	48,728		48,728
Interest income	4,759		4,759
Other income	4,301	-	4,301
Total support and revenue	<u>1,690,521</u>	<u>261,474</u>	<u>1,951,995</u>
EXPENSES:			
Program expenses	1,380,273		1,380,273
Management and general	238,199		238,199
Fund development	68,416		68,416
Total expenses	<u>1,686,888</u>		<u>1,686,888</u>
CHANGE IN NET ASSETS	3,633	261,474	265,107
NET ASSETS, BEGINNING	<u>557,683</u>	<u>29,645</u>	<u>587,328</u>
NET ASSETS, ENDING	<u>\$ 561,316</u>	<u>\$ 291,119</u>	<u>\$ 852,435</u>

The accompanying notes are an integral part of these financial statements

AG INNOVATIONS NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Program	Management & General	Fund Development	Total
Salaries and wages	\$ 609,760	\$ 100,941	\$ 41,522	\$ 752,223
Payroll tax expense	47,724	7,051	3,355	58,130
Employee benefits	57,937	11,376	3,232	72,545
Professional services	326,821	35,124	20,307	382,252
Grants to others	57,250	-	-	57,250
Occupancy	-	31,347	-	31,347
Insurance	-	3,970	-	3,970
Office expense	634	17,690	-	18,324
Telecommunications	760	11,277	-	12,037
Printing and copying	3,241	1,249	-	4,490
Postage	398	1,233	-	1,631
Conferences and training	46,826	2,011	-	48,837
Travel	168,658	30,266	-	198,924
Bank and credit card fees	1,118	3,294	-	4,412
Uncollectible accounts	37,181	-	-	37,181
Administrative overhead	21,352	(21,352)	-	-
Other operating expense	613	1,075	-	1,688
Subtotal	1,380,273	236,552	68,416	1,685,241
Depreciation	-	1,647	-	1,647
Total expenses	<u>\$ 1,380,273</u>	<u>\$ 238,199</u>	<u>\$ 68,416</u>	<u>\$ 1,686,888</u>

The accompanying notes are an integral part of these financial statements

AG INNOVATIONS NETWORK  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 265,107
Adjustments to reconcile change in net assets to cash from operations	
Depreciation	1,647
(Increase) decrease in:	
Accounts receivable	(170,321)
Deposits and prepaid expenses	10,040
Increase (decrease) in:	
Accounts payable and accrued expenses	<u>10,043</u>
Net cash provided by operating activities	<u>116,516</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(1,565)</u>
Net cash provided used by investing activities	<u>(1,565)</u>
NET INCREASE IN CASH	114,951
CASH, beginning of year	<u>556,308</u>
CASH, end of year	<u>\$ 671,259</u>

The accompanying notes are an integral part of these financial statements

AG INNOVATIONS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE 1 ORGANIZATION

Ag Innovations Network is a tax exempt nonprofit corporation established in 2000 to bring people together to build a food system that works for all creating opportunities for individuals, farmers, businesses and communities to better understand the changes that are needed and discover solutions that make sense.

County based Alliance Projects meet monthly to strengthen farms, improve access to good foods, improve the infrastructure to support regional food distribution and make policy recommendations and create local projects. Two Roundtable projects focus on Agriculture and the Environment and Water and Food Supply. House Farm Workers promotes and supports development of safe affordable housing for farm workers. The Sustainable Food Laboratory works to accelerate the shift of sustainable food from niche to mainstream.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – Ag Innovations Network reports information regarding its financial position and activities on an accrual basis according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

*Temporarily Restricted Net Assets* – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of Ag Innovations Network to meet the stipulations or that become unrestricted at the date specified by the donor.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be retained and invested permanently by Ag Innovations Network to use all or part of the investment return on these net assets for specified or unspecified purposes.

Net assets released from restriction – Temporarily restricted net assets are “released” to unrestricted net assets when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Other Basis of Presentation Policies – Revenues or support are reported as increases in unrestricted net assets unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, Ag Innovations Network reports the revenue or support as unrestricted. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless restricted by explicit donor stipulation or by law.

AG INNOVATIONS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents - Cash equivalents consist primarily of money market accounts and other investments with an original maturity of 90 days or less.

Accounts Receivable - Accounts receivable consist of contract billing, sponsorships and grants awarded, but not yet received as of December 31, 2010. Management believes receivables at December 31, 2010 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded.

Fixed Assets - Fixed assets are carried at cost or at estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the useful life of the asset, usually five to ten years depending upon the asset.

Income Taxes - Ag Innovations Network is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined Ag Innovations Network is not a private foundation under Section 509(a)(2).

Ag Innovations Network has adopted the accounting standard on accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an enterprise is entitled to economic benefits resulting from tax positions taken in income tax returns.

If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. This standard also requires organizations to disclose additional quantitative and qualitative information in their financial statements about uncertain tax positions. Amazon Watch's adoption of this standard did not have a material impact on the financial statements.

Ag Innovations Network's evaluation on December 31, 2010 revealed no tax positions that would have a material impact on the financial statements. Ag Innovations Network does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Donated Services and Items - Many people have contributed significant amounts of time and inventory to the activities of the Agency without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, detailed information is not maintained to determine an appropriate basis for valuation.

AG INNOVATIONS NETWORK  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable are made up of the following at December 31, 2010:

Ford Foundation	\$ 100,000
Food Lab memberships	30,000
CDFA	20,678
UC Davis	16,500
Roots of Change	10,212
Other	<u>13,682</u>
Total	\$ <u>191,072</u>

NOTE 4 ACCUMULATED PAID TIME OFF

Accumulated paid time off benefits are recognized as liabilities of the Organization. The value of accumulated paid time off at December 31, 2010 is \$9,864.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are monies awarded with either program or time restrictions for future or multi-year programs. Temporarily restricted net assets at December 31, 2010 are for the following purposes:

Low carbon farming incentive	\$ 100,000
Value chain research	47,013
Rainforest project	36,536
Global Climate Assessment	9,836
Ventura Food System Alliance	29,645
Silicon Valley Food System Alliance	15,589
California Ag Water Stewardship Initiative	<u>52,500</u>
Total	\$ <u>291,119</u>

AG INNOVATIONS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE 6 LEASE COMMITMENTS

Ag Innovations Network leases its offices in Sebastopol under a one year lease dated July 15, 2009 and expiring July 31, 2010. Total rent expense for the year ended December 31, 2010 is \$12,330.

The Sustainable Food Laboratory leases offices in White River Junction, Vermont on a month-to-month basis. Total rent expense for the year ended December 31, 2010 is \$18,000.

NOTE 7 RETIREMENT PLAN

The Organization provides a SIMPLE IRA plan qualified under Section 408(p) of the Internal Revenue Code (IRS). Employees may make contributions to the plan up to the maximum amount allowed by the IRS if they wish. The Organization contributed \$9,518 in matching funds, as required by the plan.

NOTE 7 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 17, 2011 which is the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2010 that would have a material impact on the Organization's results of operations or financial position.