RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

Pittsboro, North Carolina

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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RURAL ADVANCEMENT FOUNDATION INTERNATIONAL

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BLACKMAN & SLOOP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rural Advancement Foundation International - USA
Pittsboro, North Carolina

Opinion

We have audited the accompanying financial statements of Rural Advancement Foundation International - USA (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rural Advancement Foundation International - USA as of December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Rural Advancement Foundation International - USA, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Rural Advancement Foundation International - USA as of December 31, 2020, were audited by other auditors whose report dated October 26, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

BLACKMAN & SLOOP, CPAS, P.A.

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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 Rural Advancement Foundation International - USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Rural Advancement Foundation International - USA'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 Rural Advancement Foundation International - USA'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activites by Program is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the uderlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the finacial statements as a whole.

Blackman & Sloop

Chapel Hill, North Carolina
July 28, 2022

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

December 31, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,753,268	$ 1,906,680
Grants and contracts receivable, current portion	1,243,363	668,976
Investments	7,066	6,226
Prepaid expenses	38,223	11,713
TOTAL CURRENT ASSETS	3,041,920	2,593,595
PROPERTY AND EQUIPMENT:		
Land	168,229	168,229
Building	913,420	913,420
Building improvements	12,709	12,709
Office equipment	4,541	5,103
Computer equipment	1,600	6,721
	1,100,499	1,106,182
Less: accumulated depreciation	(495,942)	(476,504)
NET PROPERTY AND EQUIPMENT	604,557	629,678
OTHER ASSETS:		
Grants and contracts receivable, net of current portion	934,520	225,000
Security deposits	17,500	17,500
TOTAL OTHER ASSETS	952,020	242,500
TOTAL ASSETS	$ 4,598,497	$ 3,465,773

The accompanying Notes to Financial Statements are an integral part of these financial statements.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

December 31, 2021 and 2020

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 79,765	$ 60,753
Accrued wages and benefits	59,717	59,322
Note payable, current portion	9,000	8,730
TOTAL CURRENT LIABILITIES	148,482	128,805
LONG-TERM LIABILITIES:		
Security deposit	150	150
Note payable, noncurrent portion	91,093	101,116
TOTAL LONG-TERM LIABILITIES	91,243	101,266
TOTAL LIABILITIES	239,725	230,071
NET ASSETS:		
Without donor restrictions	1,521,064	1,028,798
With donor restrictions	2,837,708	2,206,904
TOTAL NET ASSETS	4,358,772	3,235,702
TOTAL LIABILITIES AND NET ASSETS	$ 4,598,497	$ 3,465,773

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended December 31, 2021 and 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Private foundations	$ 757,134	$ 2,328,320	$ 3,085,454	$ 1,786,550
Government grants and contracts	322,095	-	322,095	202,221
Individual contributions	167,869	18,356	186,225	134,416
Member dues	-	167,000	167,000	190,500
Service contracts	-	-	-	33,499
Other income	1,800	-	1,800	3,926
Net investment income	919	-	919	945
SBA Paycheck Protection Program	-	-	-	160,995
	1,249,817	2,513,676	3,763,493	2,513,052
Net assets released from restrictions	1,882,872	(1,882,872)	-	-
TOTAL SUPPORT AND REVENUE	3,132,689	630,804	3,763,493	2,513,052
EXPENSES:				
Program services:				
Program services	1,925,696	-	1,925,696	1,477,074
Fiscal sponsorships	292,434	-	292,434	305,802
Total program services	2,218,130	-	2,218,130	1,782,876
Supporting services:				
Management and general	329,193	-	329,193	493,739
Fundraising	92,100	-	92,100	70,380
Total supporting services	421,293	-	421,293	564,119
TOTAL FUNCTIONAL EXPENSES	2,639,423	-	2,639,423	2,346,995
Bad debt expense	1,000	-	1,000	-
TOTAL EXPENSES	2,640,423	-	2,640,423	2,346,995
CHANGES IN NET ASSETS	492,266	630,804	1,123,070	166,057
NET ASSETS - BEGINNING OF YEAR	1,028,798	2,206,904	3,235,702	3,069,645
NET ASSETS - END OF YEAR	$ 1,521,064	$ 2,837,708	$ 4,358,772	$ 3,235,702

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended December 31, 2021 and 2020

	2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
SUPPORT AND REVENUE:			
Private foundations	$ 161,085	$ 1,625,465	$ 1,786,550
Government grants and contracts	202,221	-	202,221
Individual contributions	126,557	7,859	134,416
Member dues	-	190,500	190,500
Service contracts	33,499	-	33,499
Other income	2,926	1,000	3,926
Net investment income	945	-	945
SBA Paycheck Protection Program	-	160,995	160,995
	527,233	1,985,819	2,513,052
Net assets released from restrictions	2,190,532	(2,190,532)	-
TOTAL SUPPORT AND REVENUE	2,717,765	(204,713)	2,513,052
EXPENSES:			
Program services:			
Program services	1,477,074	-	1,477,074
Fiscal sponsorships	305,802		305,802
Total program services	1,782,876	-	1,782,876
Supporting services:			
Management and general	493,739	-	493,739
Fundraising	70,380	-	70,380
Total Supporting Services	564,119	-	564,119
TOTAL FUNCTIONAL EXPENSES	2,346,995	-	2,346,995
CHANGES IN NET ASSETS	370,770	(204,713)	166,057
NET ASSETS - BEGINNING OF YEAR	658,028	2,411,617	3,069,645
NET ASSETS - END OF YEAR	$ 1,028,798	$ 2,206,904	$ 3,235,702

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF CASH FLOWS

EXHIBIT C

For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,123,070	$ 166,057
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	25,121	28,146
Unrealized gain on investments	(756)	(680)
Transfer of assets to fiscal sponsor	-	6,051
Increase in cash arising from changes in assets and liabilities:		
Grants and contracts receivable	(1,283,907)	625,806
Prepaid expenses	(26,510)	(9,753)
Accounts payable and accrued expenses	19,012	21,897
Accrued wages and benefits	395	12,699
NET CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES	(143,575)	850,223
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(9,753)	(8,323)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(153,328)	841,900
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(134)	-
Sales of investments	50	-
NET CASH USED IN INVESTING ACTIVITIES	(84)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,906,680	1,064,780
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,753,268	$ 1,906,680
SUPPLEMENTAL INFORMATION:		
Cash paid during the year for interest	$ 4,011	$ 4,419

The accompanying Notes to Financial Statements are an integral part of these financial statements.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2021 and 2020

	Programs	Programs Fiscal Sponsorships	Programs Total	Management and General	Fundraising	2021 Total
Salaries	$ 706,829	$ -	$ 706,829	$ 125,575	$ 59,733	$ 892,137
Employee benefits	177,376	-	177,376	-	15,394	192,770
Payroll taxes	49,943	-	49,943	17,451	4,251	71,645
Total salaries and related expenses	934,148	-	934,148	143,026	79,378	1,156,552
Awards and grants	637,888	7,500	645,388	-	-	645,388
Contract services	139,327	224,189	363,516	18,754	610	382,880
Operations	52,864	5,181	58,045	53,420	5,336	116,801
Accounting and legal fees	-	-	-	70,917	-	70,917
Program expenses, technical assistance	64,925	3,750	68,675	-	-	68,675
Facilities and equipment	22,699	-	22,699	25,309	1,964	49,972
Lobbying contractor	-	45,042	45,042	-	-	45,042
Memberships and dues	36,683	813	37,496	640	3,500	41,636
Travel expenses	19,557	1,605	21,162	1,002	-	22,164
Other personnel expenses	4,401	-	4,401	12,893	183	17,477
Meeting expenses	12,513	4,200	16,713	529	-	17,242
Miscellaneous expenses	691	154	845	2,703	1,129	4,677
Bad debt expense	-	1,000	1,000	-	-	1,000
Total other expenses	991,548	293,434	1,284,982	186,167	12,722	1,483,871
Total expenses	1,925,696	293,434	2,219,130	329,193	92,100	2,640,423
Less: bad debt expense	-	(1,000)	(1,000)	-	-	(1,000)
Total functional expenses	$ 1,925,696	$ 292,434	$ 2,218,130	$ 329,193	$ 92,100	$ 2,639,423

The accompanying Notes to Financial Statements are an integral part of these financials statements.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2021 and 2020

	Programs					
	Programs	Fiscal Sponsorships	Programs Total	Management and General	Fundraising	2020 Total
Salaries	$ 597,552	$ -	$ 597,552	$ 130,385	$ 42,402	$ 770,339
Employee benefits	132,820	-	132,820	119,509	8,601	260,930
Payroll taxes	44,055	-	44,055	15,185	3,147	62,387
Total salaries and related expenses	774,427	-	774,427	265,079	54,150	1,093,656
Awards and grants	467,324	14,506	481,830	-	-	481,830
Contract services	90,853	220,218	311,071	70,452	6,400	387,923
Operations	33,234	3,638	36,872	28,356	7,513	72,741
Accounting and legal fees	-	2,150	2,150	57,783	-	59,933
Program expenses, technical assistance	38,475	260	38,735	-	-	38,735
Facilities and equipment	-	-	-	52,040	-	52,040
Lobbying contractor	-	51,020	51,020	-	-	51,020
Memberships and dues	40,396	411	40,807	633	25	41,465
Travel expenses	14,292	3,351	17,643	1,170	370	19,183
Other personnel expenses	393	-	393	15,854	-	16,247
Meeting expenses	17,260	(997)	16,263	-	-	16,263
Miscellaneous expenses	420	11,245	11,665	2,372	1,922	15,959
Total other expenses	702,647	305,802	1,008,449	228,660	16,230	1,253,339
Total functional expenses	$ 1,477,074	$ 305,802	$ 1,782,876	$ 493,739	$ 70,380	$ 2,346,995

The accompanying Notes to Financial Statements are an integral part of these financials statements.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION

Rural Advancement Foundation International-USA ("RAFI-USA"), is a nonprofit organization that challenges the root causes of unjust food systems, supporting and advocating for economically, racially, and ecologically just farm communities. Activities of RAFI-USA are organized as follows: Agricultural Enterprise Development, Come to the Table, Farm Advocacy, Challenging Corporate Power, Just Foods, and Fiscal Sponsorships. RAFI-USA is supported primarily through grants, and donor contributions, and is dependent on such support for operations to continue.

Rural Advancement Institute (RAI), a supporting organization of Rural Advancement Foundation International-USA, was incorporated in 2002 to exclusively operate for the benefit of, to perform the functions of, and to carry out the purposes of RAFI-USA. RAI had no activity for the years ended December 31, 2021 and 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Program Services.

Agricultural Enterprise Development

Agricultural Enterprise Development supports farmers and rural communities in developing new and innovative sources of agricultural income through cost-share grants. These small capital investments help preserve existing jobs and businesses, leverage new investment, and create new jobs and income for North Carolina's farmers and rural communities. The farm-based enterprises supported through this program represent a wide variety of lessons and experiences relevant to thousands within the state's agricultural industry. To date, the program has disbursed more than $6 million to more than 600 farmers and collaborative farmer groups throughout North Carolina. New to 2017-2018 Agricultural Enterprise Development includes a focus to build and support a strong network around Farmers of Color.

RAFI-USA's expanding farmers market access (EFMA) project coordinates two food access incentive programs, Fresh Bucks and Double Bucks, at 23 North Carolina farmers markets, mobile markets, and Co-op groceries to improve food access and inclusivity for community members, as well as, provide small farmers new sale of outlets. EFMA provides technical assistance to market managers and works to develop, coordinate, and expand direct producer-to-consumer markets that make locally produced foods more entrepreneurs of color.

In 2017, RAFI-USA founded the Farmers of Color Network (FOCN) to more intentionally support black, indigenous, and people of color (BIPOC) farmers in the southeast with the goals of improving their economic viability, keeping their land, and gaining generational investment. FOCN provides farmer-led technical assistance, market access opportunities, webinars, farm tours, networking events, and gatherings to highlight ancestral traditions and knowledge.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of Program Services (continued).

In 2020, FOCN entered into the sustainable agriculture research & education (SARE) project, navigating farm financial & mental health crises, in partnership with North Carolina State University, the land loss prevention project, the North Carolina Agromedicine Institute, and the National Center for Appropriate Technology and funded by SARE to reduce the loss of farms and lives by researching and testing culturally responsive information and information delivery that addresses the combined financial, land tenure, and mental health issues faced by farm families in severe financial distress.

Come to the Table

Come to the Table is a multi-faceted program that focuses on systemic solutions to food access that also strengthen just and sustainable agriculture. The program works with faith communities, hunger relief advocates and farmers to engage and mobilize them on issues of food access and justice in the food system. The program delivers conferences and events, technical assistance, training focused on building equity in the food system, and collaborative networks and resources.

Farm Advocacy

Farm Advocacy provides assistance, develops tools and resources, and promotes policies that help farmers attain greater financial stability and encourage thriving and sustainable small and mid-scale family farms. The program educates farmers about managing risk and equips them to navigate federal farm programs. The program provides individual counseling and assistance to farmers facing financial crisis and who stand to lose their farms without immediate support.

Challenging Corporate Power

Challenging Corporate Power works to hold corporations and government accountable to curb the adverse effects of livestock concentration and build alternative, inclusive livestock economies that equitably distribute profits across farmers, rural communities, and consumers. The fiscally sponsored project, Campaign for Contract Agriculture Reform (“CCAR”) is included as part of this program. CCAR is a national alliance of organizations working to provide a voice for farmers and ranchers involved in contract agriculture, as well as the communities in which they live.

Just Foods

From promoting meaningful standards for organic agriculture, to pioneering new standards for social justice in the food system, Just Foods projects seek to make fair, sustainable farming a viable choice. Protecting agricultural genetic diversity is also essential to the viability of family farms. Therefore, Just Foods advocates for funding for classical breeding programs and support publicly-held seeds and breeds. Within the Just Foods program are the projects: Farmers of Color Network and Expanding Farmers Market Access.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of Program Services (continued).

Fiscal Sponsorships

RAFI-USA provides fiscal sponsorship services to help facilitate the mission-related work of partner initiatives that lack the legal status or administrative capacity necessary to receive grants or donations. RAFI-USA serves as fiscal sponsor for the following groups:

National Organic Coalition ("NOC"):
NOC is a national alliance of organizations working to provide a "Washington voice" for farmers, ranchers, environmentalists, consumers and industry members involved in organic agriculture.

Durham Farmers Market's Double Bucks Program:
Double Bucks is an incentive program at the Durham Farmers Market that provides up to $10 in matching funds per customer for purchases made with SNAP benefits.

Veteran's Farm of North Carolina ("VFNC"):
VFNC is a training and education farm that provides veterans with the skills and tools needed to begin farming on their own. The VFNC fiscal sponsorship ended in the year ending December 31, 2020.

North Carolina Community Garden Partner ("NCCG"):
NCCGP is a volunteer-based grassroots initiative dedicated to increasing the quantity, quality and sustainability of community gardens across North Carolina. The NCCG fiscal sponsorship ended in the year ending December 31, 2020, funds were transferred in the year ending December 31, 2021.

B. Basis of Accounting.

RAFI-USA's financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

RAFI-USA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets outside of the fiscal year in which they are received. When a donor restriction expires, that is, when a 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 and changes in net assets as net assets released from restrictions.

C. Cash and Cash Equivalents.

Cash and cash equivalents consist of monies on deposit at financial institutions and other highly liquid investments with initial maturities of three months or less. At times, RAFI-USA places deposits with high-quality financial institutions that may be in excess of federally insured amounts. RAFI-USA has not experienced any financial loss related to such deposits.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Grants Receivable.

Grants receivable that are expected to be collected within one year are recorded at net realizable value. Grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

RAFI-USA provides an allowance for uncollectible accounts equal to the estimated losses that are expected to be incurred in their collection. The allowance is based on historical collection experience and a review by management of the current status of the existing receivables. As of December 31, 2021 and 2020, all receivables are deemed collectible by management.

E. Contracts Receivable.

Contracts receivable are recorded at their net realizable value. RAFI-USA provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in their collection. The allowance is based on historical collection experience and a review by management of the current status of existing receivables. As of December 31, 2021 and 2020, all receivables were deemed collectible by management.

F. Investments.

Investments in marketable securities are stated at fair value based on readily available published fair values. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

G. Property and Equipment.

Property and equipment are stated at cost for purchased assets and at fair value on the date of the gift for donated assets. Property and equipment are capitalized if the life is expected to be greater than one year and if the cost exceeds $3,000.

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets which range from three to thirty years for equipment, furniture, and fixtures and leasehold improvements.

Expenditures for repairs and maintenance are charged to expense as incurred. The cost of major renewals and betterments are capitalized and depreciated over their estimated useful lives. The cost and related accumulated depreciation of property and equipment are removed from the accounts upon disposition and any resulting gain or loss is reflected in the statements of activities and changes in net assets.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Net Assets.

Net assets, support and revenue, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets 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 restrictions, net assets for various reserves and projects and commitments.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

I. Advertising and Marketing.

Advertising and marketing costs are expensed as incurred and totaled $1,298 and $91, for the years ended December 31, 2021 and 2020, respectively.

J. Income Taxes.

Rural Advancement Foundation International - USA is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(3) of the Internal Revenue Code. RAFI-USA is required to file a Return of Organization Exempt from Income Tax (Form 990) annually with the IRS.

K. Revenue Recognition.

RAFI-USA is primarily funded by individual and non-governmental organizational grants and contributions. These grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, a grant award letter, or notification of a beneficial interest is received.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, conditional contributions totaling $837,055 and $858,811, at December 31, 2021 and 2020, respectively, have not been recognized in the accompanying statements of activities and changes in net assets. These contributions will be recognized as qualifying expenses are incurred.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Revenue Recognition (Continued).

RAFI-USA receives membership dues in exchange for membership benefits and provides administrative services to fiscally sponsored organizations. Related revenue is recognized over the membership period and as the administrative service is provided. Revenue from consulting services to peer organizations and program services contracts which are deemed to be exchange transactions are recognized as revenue without donor restrictions as performance obligations are completed either over time or at a point in time. Deferred revenue from exchange transactions results when cash receipts exceed revenue recognized.

L. Estimates.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

M. Donated Services.

RAFI-USA recognizes donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donation. Volunteers contribute significant amounts of time our program, administrative, and fundraising services, however, the financial statements do not reflect the value of these contributed services as they do not meet recognition criteria prescribed by U.S. GAAP.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following at December 31:

	2021	2020
Liquid current financial assets:		
Cash and cash equivalents	$ 1,753,268	$ 1,906,680
Grants and contracts receivable - current	1,243,363	668,976
Investments	7,066	6,226
	3,003,697	2,581,882
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors for purpose or time	(2,837,708)	(2,206,904)
Restrictions by board designations	(20,482)	(37,616)
	(2,858,190)	(2,244,520)
Financial assets available to meet cash needs for general expenditures within one year	$ 145,507	$ 337,362

RAFI-USA manages its liquid resources by focusing on fundraising efforts through grant writing and obtaining contributions, to ensure the entity has adequate contributions and revenue to cover programs that are being conducted. Management prepares detailed budgets and has been active in managing costs to ensure RAFI-USA remains liquid.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of the following at December 31:

	2021	2020
The Duke Endowment	$ 1,329,029	$ -
W. K. Kellogg Foundation	225,000	450,000
Z Smith Reynolds Foundation	206,710	50,000
The Schmidt Family Foundation/11th Hour Project	175,000	-
Other	101,162	30,731
USDA	85,736	16,119
SARE Program/Univesity of Georgia	55,246	72,178
Blue Cross NC Community Investment Gift Fund	-	244,948
Patagonia	-	30,000
	$ 2,177,883	$ 893,976

	2021	2020
Receivable in less than one year	$ 1,243,363	$ 668,976
Receivable in one to five years	957,000	225,000
Total gross grants receivable	2,200,363	893,976
Discount at a rate of 1.6%	(22,480)	-
Net present value of grants receivable	$ 2,177,883	$ 893,976

Grants and contracts receivable are presented on the statements of financial position under the following captions:

	2021	2020
Current assets:		
Grants and contracts receivable, current portion	$ 1,243,363	$ 668,976
Other assets:		
Grants and contracts receivable, net current portion	934,520	225,000
Total grants receivable	$ 2,177,883	$ 893,976

RAFI-USA has been informed of other intentions to give totaling $1.125 million to be received through August 2025, to be used to support general expenditures. In accordance with ASU 2018-08, certain promises to give that are receivable through donor advised funds are not recordable until funds are received.

FAIR VALUE OF ASSETS

U.S. GAAP defines fair value as 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. It also establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of RAFI-USA. Unobservable inputs reflect the RAFI-USA's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets as of the reporting date.

Level 2 - Valuations based on inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, are valued at prices for similar assets or liabilities in markets that are not active, or determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable and include situations where there is little, if any, market activity for the asset. Fair value for these assets is determined using valuation methodologies that consider a range of factors, including but not limited to the price at which the asset was acquired, the nature of the asset, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the asset. The inputs into the determination of fair value require significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these assets existed.

RAFI-USA's investments total \$6,742 and \$5,986, at December 31, 2021 and 2020, respectively, and are classified as Level 1 for both years. Investments held do not include cash and cash equivalents totaling \$324 and \$240, at December 31, 2021 and 2020, respectively.

There were no changes during the years ending December 31, 2021 and 2020, to RAFI-USA's valuation techniques used to measure asset values on a recurring basis.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

NET ASSETS WITHOUT DONOR RESTRICTIONS

Board-designated net assets consists of unrestricted income which the board has designated for operating and capital reserve or program services use. Since all board-designated net assets result from an internal designation, they are not considered net assets with donor restrictions, but are classified and reported as net assets without donor restrictions.

Net assets with board restrictions at December 31:

	2021	2020
Farm Advocacy	$ 10,000	$ 25,000
Farmers of Color Network	7,458	7,458
Just Foods	3,024	5,158
Board Designated, net assets	$ 20,482	$ 37,616

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	2021	2020
Purpose Restricted:		
Come to the Table	$ 1,527,492	$ 242,418
Agricultural Enterprise Development	569,373	1,268,398
Fiscal Sponsership	202,413	163,849
Just Foods	61,069	63,282
Farm Advocacy	56,500	122,633
Program Communications	13,500	-
Contract Agriculture	1,422	14,822
	2,431,768	1,875,401
Time Restricted:		
Unrestricted grants receivable	405,940	331,503
Less Time Restricted	$ 2,837,708	$ 2,206,904

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

REVENUE FROM CONTRACTS WITH CUSTOMERS

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. RAFI-USA**'s** contracts have obligations that are fulfilled at a single point in time and over a period of time.

Performance Obligations Satisfied At a Point in Time

RAFI-USA receives revenue for various program consulting services, a biennial conference, and administration service fees. Revenue is recognized when the service has been performed or the conference occurs. Revenue recognized at a point in time totaled $1,800 and $36,425, at December 31, 2021 and 2020, respectively. There are no contract assets or contract liabilities related to these performance obligations at December 31, 2021 and 2020.

Performance Obligations Satisfied Over a Period of Time

RAFI-USA receives revenue for memberships which cover multiple accounting periods. Revenue is recognized ratably over the membership term. Membership revenue totaled $167,000 and $190,500, at December 31, 2021 and 2020, respectively. RAFI-USA also leases office space and the conference center to tenants under operating leases with one year and month-to-month terms. Rental income for the year ended December 31, 2020, totaled $2,000. There was no rental income in the year ending December 31, 2021. There are no contract assets or contract liabilities related to these performance obligations.

General

Revenue earned will vary depending on the economy. Some programs are supported by grants, and contributions from the community. Revenue from consulting services and biennial conference will depend on the needs and participation of the community. Revenue from administration service fees and membership fees depend on the amount of fiscal sponsorships.

RETIREMENT PLANS

RAFI-USA has a 401(k) plan which covers all employees at the time of hire. RAFI-USA can make a discretionary contribution as determined by the Board of Directors annually for employees who have worked a minimum of 26 weeks or are employed on the last day of the year. Contributions by the RAFI-USA totaled $25,541 and $21,372, for the years ended December 31, 2021 and 2020, respectively.

OPERATING LEASE

RAFI-USA obtained a copier lease in May 2019 for a 60-month period, with a monthly payment of $307, expiring May 2024. Total lease expense for the years ended December 31, 2021 and 2020, totaled $3,686 each year.

Future minimum lease payments under the lease agreement at December 31, 2021, are as follows:

Year Ending December 31,		
2022	$	3,686
2023		3,686
2024		1,536
	$	8,908

RAFI-USA also leased office space and the conference center to tenants under operating leases with one year and month-to-month terms. Rental income for the year ended December 31, 2020, totaled $2,000. There was no rental income for the year ending December 31, 2021.

ACCRUED COMPENSATION

Effective January 2, 2020, after seven years of consecutive service, all regular, full-time employees are eligible to receive a bonus for long-term service equivalent to $1,000 per year of service. Thereafter, employees are eligible to receive subsequent bonuses every three consecutive, uninterrupted service years equivalent to $1,000 per year of service. Sabbatical leave and long-term service bonuses are classified as accrued wages and benefits in the statements of financial position based on the timing of the employees' estimated time off or payout.

Accrued compensation totaled $12,444 and $13,020, for the years ended December 31, 2021 and 2020, respectively.

NOTE PAYABLE

In 2016, RAFI-USA modified an existing note of $300,000 secured by real estate to monthly principal payments of $1,062, and one final payment of the entire balance in July 2023, with a fixed interest rate of 3.8%. The outstanding balance at December 31, 2021 and 2020, was $100,093, and $109,846 respectively.

The future scheduled maturities of long-term debt are as follows:

Year Ending December 31,		
2022	$	9,000
2023		91,093
	$	100,093

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

LINE OF CREDIT

At December 31, 2021, RAFI-USA has available up to $75,000 on a secured line of credit from a commercial lender at an interest rate of prime plus 1% with a maturity date of July 2023. At December 31, 2021 and 2020, there were no outstanding draws on the line of credit.

COMMITMENTS AND CONTINGENCIES

The ongoing novel coronavirus ("COVID-19") pandemic and restrictions on non-essential businesses have caused disruption in the U.S. and global economies. Despite significant market rebounds across many asset classes, the continued rapid development of this situation and uncertainty regarding potential economic recovery precludes any prediction as to the ultimate adverse impact of COVID-19 on financial market and economic conditions. The estimates and assumptions underlying these financial statements are based on the information available as of December 31, 2021, including judgments about the financial market and economic conditions which may change over time.

CONCENTRATIONS

Approximately 61% of RAFI-USA's grants and contracts receivable, net at December 31, 2021, are from one organization. Approximately 78% of RAFI-USA's grants and contracts receivable, net at December 31, 2020, are from two organizations.

PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, RAFI-USA was granted a loan (the "loan") from Truist Bank in the amount of $160,995, pursuant to the Paycheck Protection Program ("PPP") under Division A, Title 1 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted in March 2020. RAFI-USA used the entire loan amount for qualifying expenses and was notified the loan was forgiven in its entirety in November 2020. The full amount of the loan was recognized in revenue during year ended December 31, 2020.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, and professional fees, which are allocated on the basis of time and effort.

RECLASSIFICATIONS

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

SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through July 28, 2022, which was the date that the financial statements were available to be issued. No events were noted that require disclosure.

ADDITIONAL FINANCIAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

SCHEDULES OF ACTIVITIES BY PROGRAM

SCHEDULE 1

For The Years Ended December 31, 2021 and 2020

	2021						
	Agricultural Enterprise Development	Come to the Table	Farm Advocacy	Challenging Corporate Power	Just Foods	Fiscal Sponsorships	Total Program Services
Salaries	$ 254,566	$ 160,039	$ 124,651	$ 102,099	$ 65,474	$ -	$ 706,829
Employee benefits	63,373	40,834	31,044	25,825	16,300	-	177,376
Payroll taxes	17,643	11,046	9,653	7,033	4,568	-	49,943
Total salaries and related expenses	335,582	211,919	165,348	134,957	86,342	-	934,148
Awards and grants	552,782	42,300	42,306	-	500	7,500	645,388
Contract services	9,081	69,280	47,369	13,597	-	224,189	363,516
Operations	21,165	17,067	4,679	8,399	1,554	5,181	58,045
Program expenses, technical assistance	61,320	3,605	-	-	-	3,750	68,675
Facilities and equipment	8,536	4,908	3,898	3,198	2,159	-	22,699
Lobbying contractor	-	-	-	-	-	45,042	45,042
Memberships and dues	-	250	-	26,433	10,000	813	37,496
Travel expenses	11,843	4,482	2,035	843	354	1,605	21,162
Other personnel expenses	133	2,528	-	1,740	-	-	4,401
Meeting expenses	5,368	3,645	1,500	-	2,000	4,200	16,713
Bad debt expense	-	-	-	-	-	1,000	1,000
Miscellaneous expenses	691	-	-	-	-	154	845
Total other expenses	670,919	148,065	101,787	54,210	16,567	293,434	1,284,982
Total expenses	1,006,501	359,984	267,135	189,167	102,909	293,434	2,219,130
Less: bad debt expense	-	-	-	-	-	(1,000)	(1,000)
Total program expenses	$ 1,006,501	$ 359,984	$ 267,135	$ 189,167	$ 102,909	$ 292,434	$ 2,218,130

See independent auditor's report.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

SCHEDULES OF ACTIVITIES BY PROGRAM

SCHEDULE 1

For The Years Ended December 31, 2021 and 2020

	2020						
	Agricultural Enterprise Development	Come to the Table	Farm Advocacy	Challenging Corporate Power	Just Foods	Fiscal Sponsorships	Total Program Services
Salaries	$ 129,630	$ 254,542	$ 90,625	$ 66,261	$ 56,494	$ -	$ 597,552
Employee benefits	30,236	55,359	20,186	14,944	12,095	-	132,820
Payroll taxes	9,663	17,767	6,552	4,924	5,149	-	44,055
Total salaries and related expenses	169,529	327,668	117,363	86,129	73,738	-	774,427
Awards and grants	320,043	72,350	74,931	-	-	14,506	481,830
Contract services	3,875	15,229	46,726	25,023	-	220,218	311,071
Operations	11,278	8,473	5,791	4,039	3,653	3,638	36,872
Accounting and legal fees	-	-	-	-	-	2,150	2,150
Program expenses, technical assistance	34,957	3,518	-	-	-	260	38,735
Facilities and equipment	-	-	-	-	-	-	-
Lobbying contractor	-	-	-	-	-	51,020	51,020
Memberships and dues	452	400	650	28,494	10,400	411	40,807
Travel expenses	3,442	4,781	3,478	1,873	718	3,351	17,643
Other personnel expenses	168	526	29	(330)	-	-	393
Meeting expenses	5,632	5,075	6,553	-	-	(997)	16,263
Miscellaneous expenses	420	-	-	-	-	11,245	11,665
Total other expenses	380,267	110,352	138,158	59,099	14,771	305,802	1,008,449
Total program expenses	$ 549,796	$ 438,020	$ 255,521	$ 145,228	$ 88,509	$ 305,802	$ 1,782,876

See independent auditor's report.