CENTER FOR LAND-BASED LEARNING

FINANCIAL STATEMENTS WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT

YEARS ENDED JUNE 30, 2017 (REVIEWED) AND 2016 (AUDITED)

Gilbert Associates, Inc.
CPAs and Advisors
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Center for Land-Based Learning
Winters, California

We have reviewed the accompanying financial statements of Center for Land-Based Learning (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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Report on 2016 Financial Statements

The June 30, 2016 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated December 15, 2016, but we have not performed any auditing procedures since that date.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

November 22, 2017

CENTER FOR LAND-BASED LEARNING

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 (REVIEWED) AND 2016 (AUDITED)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash	$ 22,093	$ 23,570
Accounts receivable	51,792	76,944
Current portion of contributions and grants receivable	234,000	195,000
Prepaid expenses and other assets	11,808	17,992
Total current assets	319,693	313,506
CONTRIBUTIONS AND GRANTS RECEIVABLE, Net	80,330	243,183
PROPERTY AND EQUIPMENT, Net	162,859	132,169
TOTAL ASSETS	$ 562,882	$ 688,858
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 87,359	$ 67,547
Accrued expenses	50,368	60,913
Line of credit	180,210	40,000
Current portion of loan payable	3,950	
Deferred revenue	48,463	19,911
Total current liabilities	370,350	188,371
LOAN PAYABLE, NET	15,801	
TOTAL LIABILITIES	386,151	188,371
NET ASSETS:		
Unrestricted deficit	(304,599)	(116,663)
Temporarily restricted	481,330	617,150
Total net assets	176,731	500,487
TOTAL LIABILITIES AND NET ASSETS	$ 562,882	$ 688,858

See accompanying notes and independent accountant's review report.

CENTER FOR LAND-BASED LEARNING

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 (REVIEWED) AND 2016 (AUDITED)

	2017	2016
UNRESTRICTED NET ASSETS:		
REVENUES:		
Contract revenue	$ 416,076	$ 388,742
Contributions and grants	158,206	162,047
Events (net of direct benefit to donors of $29,008 and $26,527, respectively)	38,467	66,268
Tuition	69,080	64,057
Rental income	3,731	3,866
Other income	49,127	36,389
Net assets released from restrictions	710,130	514,384
Total revenues	1,444,817	1,235,753
EXPENSES:		
Program services:		
Youth education, workforce development, and leadership training	704,440	680,058
Adult education and training	557,959	410,935
Farm on Putah Creek	4,635	7,023
Total program services	1,267,034	1,098,016
Supporting services:		
Fundraising	220,420	223,749
General and administration	145,299	114,448
Total supporting services	365,719	338,197
Total expenses	1,632,753	1,436,213
DECREASE IN UNRESTRICTED NET ASSETS	(187,936)	(200,460)
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions and grants	574,310	755,034
Loss on uncollectible grant receivable		(35,000)
Net assets released from restrictions	(710,130)	(514,384)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(135,820)	205,650
INCREASE (DECREASE) IN NET ASSETS	(323,756)	5,190
NET ASSETS, Beginning of Year	500,487	495,297
NET ASSETS, End of Year	$ 176,731	$ 500,487

See accompanying notes and independent accountant's review report.

CENTER FOR LAND-BASED LEARNING

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 (REVIEWED) AND 2016 (AUDITED)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ (323,756)	$ 5,190
Reconciliation to net cash used by operating activities:		
Depreciation	12,011	12,352
Changes in:		
Accounts receivable	25,152	(43,338)
Contributions and grants receivable	123,853	(105,744)
Prepaid expenses and other assets	6,184	(5,962)
Accounts payable	19,812	17,162
Accrued expenses	(10,545)	5,707
Deferred revenue	28,552	2,723
Net cash used by operating activities	(118,737)	(111,910)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(22,950)	(9,830)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	180,210	125,000
Payments on line of credit	(40,000)	(85,000)
Net cash provided by financing activities	140,210	40,000
NET DECREASE IN CASH	(1,477)	(81,740)
CASH, Beginning of Year	23,570	105,310
CASH, End of Year	$ 22,093	$ 23,570
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 8,319	$ 2,848
NON-CASH INVESTING ACTIVITY:		
Equipment acquired through issuance of note payable	$ 19,751	$

1. ORGANIZATION

The Center for Land-Based Learning (Center) is a not-for-profit public benefit corporation organized under the laws of the State of California. The Center's mission is to inspire, educate, and cultivate future generations of farmers, agricultural leaders and natural resource stewards. The Center's programs are as follows:

Farm on Putah Creek – The Center's headquarters, base of operations and training for the California Farm Academy (CFA), site of incubator farms for CFA graduates and an educational farm for people of all ages.

Youth, education, workforce development and leadership training:

Student and Landowner Education and Watershed Stewardship (SLEWS) – Teaches high school students about habitat restoration and protection while they work on California ranches and farms. Students get hands-on experience planting native species, building and installing bird boxes, and installing irrigation systems.

Farming, Agriculture, and Resource Management for Sustainability (FARMS) Leadership – Brings urban high school students to a working farm and teaches them agriculture basics and life skills. Students are exposed to post-secondary and career opportunities in agriculture, food and environmental sciences, helping them make critical decisions about the next steps in their lives.

Caring for Our Watersheds (CFW) – A joint program with Agrium, Inc., CFW is an environmental proposal contest and a project funding opportunity for high school students. CFW empowers students to imagine and develop solutions to environmental concerns in their own communities and turn their ideas into action.

Growing Green Internship (GGI) – A farm and conservation-focused summer internship program that introduces at-risk high school and college-aged youth to jobs in sustainable agriculture and environmental science, and teaches them employment skills.

Adult education and training:

California Farm Academy – The CFA Program is made up of three elements.

The CFA Training Program combines classes, hands-on training, farm visits and field trips. From agricultural production to business planning to marketing of specialty crops and livestock, the CFA Training Program is designed to start the next generation of farmers on their journey.

The CFA Farm incubator offers farmland for lease to qualified Beginning Farmer Training Program graduates. Incubator sites are located in Winters, West Sacramento and Davis. Plots of land ranging from one-quarter to one acre, as well as greenhouse and cooler space, can be leased on an annual basis for up to four years.

The California Farm Academy Apprenticeship Program is for highly motivated and committed individuals who know they want to pursue a career in agriculture. As the only accredited (pending) apprenticeship in agriculture in California thus far, the Center has recognition from the State Division of Apprenticeship Standards as a professional training program. The program lasts approximately two years, and includes both a paid on-the-job training component, as well as coursework requirements. Upon completion, the apprentice will graduate to a Journeyman level in the occupation of a Beginning Farm and Ranch Manager.

SLEWS Academy – a comprehensive training program for educators and natural resource professionals in the best practices of the SLEWS program. Participants create meaningful, hands-on, habitat restoration-focused programs for high school youth in schools and communities throughout California, with the guidance of the Center and support of the SLEWS Network.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Center has no permanently restricted net assets.

Revenue recognition – Contributions and grants are recognized in full when received or unconditionally promised, in accordance with professional standards. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in temporarily or permanently restricted net assets. Temporarily restricted net assets become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

Contract revenues are recognized when qualifying expenses are incurred. Revenues from events are recognized when the events occur.

Tuition and rental income is recognized in the period in which the event takes place. Accordingly, tuition and rental income fees received for events held subsequent to year end are recorded as deferred revenue.

Donated materials and professional services are recorded as in-kind contributions and recognized at the estimated fair value as of the date of donation or service. Contributed services that do not meet the criteria for recognition are not reflected in the financial statements.

Credit risk – The Center minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Center has not experienced any losses in such accounts and management believes the Center is not exposed to any significant credit risk related to cash.

Accounts, contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Management performs an assessment of the current status of individual receivables and amounts deemed uncollectible are written off to bad debt expense.

Property and equipment are stated at cost or, if donated, at the estimated fair market value at the date of donation. The Center capitalizes all expenditures for property and equipment in excess of $1,500. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 5 to 40 years.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

Functional allocation of expenses – The costs of providing the program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated based on employees' time incurred and management's estimate of the usage of resources.

Income taxes – The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code but is subject to income taxes from activities unrelated to its tax-exempt purpose.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events have been evaluated through November 22, 2017, the date the financial statements were available to be issued.

Reclassification – Certain 2016 amounts have been reclassified to conform to the 2017 financial statement presentation.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

The Center recognizes contributions and grants at their estimated fair value, on a nonrecurring basis, at the time the contribution or grant is made. Fair value is determined by calculating the present value of the estimated future cash flows at the date of the pledge. The discount rate used in determining the net present value of pledges receivable is 3% at June 30, 2017 and 2016. Amortization of the discount is included in temporarily restricted contributions and grants. The estimated fair value of pledges made during 2017 and 2016 totaled approximately $208,064 and $428,320, respectively. Contributions and grants receivable at June 30, 2017 are included within Level 3 of the fair value hierarchy because determination of the net present value of future cash flows is based on little or no market data and requires management to develop their own assumptions.

Contributions and grants receivable are due to be collected as follows:

	2017	2016
Within one year	$ 234,000	$ 195,000
In one to five years	83,000	253,500
Less discount	(2,670)	(10,317)
Total	$ 314,330	$ 438,183

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2017	2016
Leasehold improvements	$ 131,835	$ 131,835
Furniture and equipment	132,735	90,034
Total	264,570	221,869
Less accumulated depreciation and amortization	(101,711)	(89,700)
Total	$ 162,859	$ 132,169

5. LINE OF CREDIT

The Center has a $200,000 line of credit with Community Business Bank, with a variable interest rate equal to the bank's floating prime rate plus 2.00% and a minimum rate of 6.00% (6.00% as of June 30, 2017). The outstanding balance as of June 30, 2017 was $180,210. The line of credit is payable in full upon maturity. The line of credit will expire on December 30, 2017. At June 30, 2016, the Center held a line of credit with Five Star Bank with an outstanding balance of 40,000. The outstanding balance of the Five Star Bank line of credit was paid during fiscal year 2017 through the issuance of the line of credit with Community Business Bank.

6. LOAN PAYABLE

During the year ended June 30, 2017, the Center obtained an interest free loan in the amount of $19,751 to finance the purchase of a tractor. Annual principal payments are due in installments of $3,950 beginning in September 2017 and maturing in September 2021. Future minimum payments due under this loan are as follows, for the year ended June 30:

2018	$ 3,950
2019	3,950
2020	3,950
2021	3,950
2022	3,951
Total	$ 19,751

7. OPERATING LEASES

The Center leases equipment under various non-cancelable operating lease agreements expiring through 2020. Rental expense under these lease agreements totaled $8,060 and $17,023 in 2017 and 2016, respectively.

The Center also has an operating lease agreement with Sierra Orchards, an entity controlled by a former Board Member, to lease facilities. This lease expires in 2020. Lease expense under this agreement for the years ended June 30, 2017 and 2016 totaled $36,100 and $33,600, respectively.

The Center also has a non-cancelable operating lease for office space, expiring in 2018. Lease expense under this lease totaled $19,200 for the years ended June 30, 2017 and 2016, and under an amended lease agreement is expected to be $18,100 in the following fiscal year.

Minimum future lease payments due under all non-cancelable agreements are as follows for the year ending June 30:

2018	$ 26,164
2019	7,594
2020	1,900
Total	$ 35,658

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes at June 30:

	2017	2016
FARMS program	$ 292,330	$ 366,000
SLEWS program	131,500	119,490
California Farm Academy	50,000	105,000
Capacity grant		15,666
Other	7,500	10,994
Total	$ 481,330	$ 617,150

9. DONATED SERVICES AND MATERIALS

The Center received the following donated services and materials for the year ended June 30, 2017:

Special event supplies and services	$ 13,725
Materials and utilities	11,865
Professional fees	5,938
Total	$ 31,528

Donated services and materials for the year ended June 30, 2016 were not material to the financial statements.

10. CONCENTRATIONS

In 2017, the Center had three major donors who provided 26% of total grants and contributions revenue. In 2016, the Center had five major donors who provided 62% of total grants and contributions. One major donor accounted for 35% of total grants and contributions receivable at June 30, 2017 and two major donors accounted for 79% of total grants and contributions receivable at June 30, 2016.

11. GOING CONCERN

The Center's unrestricted net assets were in a deficit position as of June 30, 2017 and 2016, as a result of an increase in expenses without an equivalent increase in unrestricted revenues.

The Board and management believe that the Center can continue operations through June 30, 2018 due to an increased effort to raise unrestricted funds and grow programs in a sustainable manner. The Center management and Board have also approved a 3-year strategic plan that includes annual benchmark goals, which management believes they have already begun to achieve. In November 2017, the Center received a $200,000 unrestricted grant from Bank of America to be used for fiscal years 2017-2018 and 2018-2019. The Board and management have a reasonable expectation that the Center will be able to generate positive net income and thus continue operational existence for the foreseeable future. The ability of the Center to continue as a going concern is dependent upon the success of these actions. There can be no assurance that the Center will be successful in accomplishing its objectives. The financial statements do not include any adjustments that might result in the event that sufficient cash flow from operations does not allow the entity to continue as a going concern.