SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

SANTA FE
FARMERS MARKET
INSTITUTE

Financial Statements
and
Independent Auditor's Report

December 31, 2020 and 2019

Santa Fe Farmers Market Institute

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SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Santa Fe Farmers Market Institute

Opinion

We have audited the accompanying financial statements of the Santa Fe Farmers Market Institute (the "Institute") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in conformity 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. 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 the financial statements are available to be issued.

4811 Hardware Dr. NE, Suite E-4, Albuquerque, NM 87109
(505) 312-8702 info@sjtgroupcpa.com www.sjtgroupcpa.com

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 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, including omissions, 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 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 have identified during the audit.

SJT Group LLC

Albuquerque, New Mexico
June 24, 2021

Financial Statements

Santa Fe Farmers Market Institute

Statements of Financial Position

December 31,

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 535,845	$ 72,710
Accounts receivable, net	58,984	21,235
Prepaid expenses	8,678	22,455
Total current assets	603,507	116,400
Noncurrent assets		
Investments restricted for farmers microloan program	219,167	198,875
Cash restricted for debt service	36,000	-
Cash restricted for token reimbursements	32,492	12,993
Property and equipment, net	3,114,410	3,229,757
Total noncurrent assets	3,402,069	3,441,625
Total assets	$ 4,005,576	$ 3,558,025
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 31,278	$ 31,858
Payroll and related liabilities	7,357	8,632
Deferred revenue	11,190	24,770
Token reimbursements payable	16,779	22,279
Accrued property taxes	11,372	20,359
Accrued interest payable	1,151	1,902
Line of credit	-	70,000
Notes payable, current portion	21,810	277,719
Total current liabilities	100,937	457,519
Noncurrent liabilities		
Security deposits	13,744	13,744
Notes payable, net of current portion and debt issuance costs	511,126	-
Total noncurrent liabilities	524,870	13,744
Total liabililties	625,807	471,263
Net assets		
Without donor restrictions	2,795,145	2,705,827
Without donor restrictions, board designated	184,733	60,121
Total net assets without donor restrictions	2,979,878	2,765,948
With donor restrictions	399,891	320,814
Total net assets	3,379,769	3,086,762
Total liabilities and net assets	$ 4,005,576	$ 3,558,025

The accompanying notes are an integral part of these financial statements.

Santa Fe Farmers Market Institute
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Earned income			
Leasing income	$ 287,988	$ -	$ 287,988
Other income	7,489	-	7,489
Total earned income	295,477	-	295,477
Grants and contributions			
Foundation grants	136,000	22,885	158,885
Governmental grants	76,928	-	76,928
Individual contributions	385,350	37,840	423,190
Corporate contributions	19,823	-	19,823
In-kind contributions	10,638	-	10,638
Total grants and contributions	628,739	60,725	689,464
Other support and revenue			
Fundraising income	36	-	36
Investment income	1,872	-	1,872
Total other support and revenue	1,908	-	1,908
Net assets released from restrictions	(18,352)	18,352	-
Total support and revenue	907,772	79,077	986,849
Expenses			
Program services	503,576	-	503,576
Supporting services			
Management and general	114,715	-	114,715
Fundraising	75,551	-	75,551
Total supporting services	190,266	-	190,266
Total expenses	693,842	-	693,842
Change in net assets	213,930	79,077	293,007
Net assets, beginning of year	2,765,948	320,814	3,086,762
Net assets, end of year	$ 2,979,878	$ 399,891	$ 3,379,769

The accompanying notes are an integral part of these financial statements.

Santa Fe Farmers Market Institute

Statement of Activities

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Earned income			
Leasing income	$ 328,776	$ -	$ 328,776
Other income	3,966	-	3,966
Total earned income	332,742	-	332,742
Grants and contributions			
Foundation grants	89,627	22,910	112,537
Governmental grants	13,257	-	13,257
Individual contributions	76,784	12,600	89,384
Corporate contributions	22,035	-	22,035
In-kind contributions	37,050	-	37,050
Total grants and contributions	238,753	35,510	274,263
Other support and revenue			
Fundraising income, net of related expenses	18,531	-	18,531
Investment income	3,033	-	3,033
Total other support and revenue	21,564	-	21,564
Net assets released from restrictions	36,284	(36,284)	-
Total support and revenue	629,343	(774)	628,569
Expenses			
Program services	563,330	-	563,330
Supporting services			
Management and general	244,053	-	244,053
Fundraising	106,363	-	106,363
Total supporting services	350,416	-	350,416
Total expenses	913,746	-	913,746
Change in net assets	(284,403)	(774)	(285,177)
Net assets, beginning of year	3,050,351	321,588	3,371,939
Net assets, end of year	$ 2,765,948	$ 320,814	$ 3,086,762

The accompanying notes are an integral part of these financial statements.

Santa Fe Farmers Market Institute
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries, payroll taxes, and benefits	$ 142,077	$ 52,826	$ 30,685	$ 225,588
Depreciation and amortization	109,200	10,800	-	120,000
Accounting and legal	55,573	20,288	12,349	88,210
Consultants and contracts	27,557	9,044	28,178	64,779
Occupancy costs	44,684	4,419	-	49,103
Leases	36,187	3,579	-	39,766
Equipment expense and repairs and maintenance	23,866	2,360	-	26,226
Interest	18,747	1,854	-	20,601
Insurance	12,694	1,255	-	13,949
Bank and merchant fees	7,400	2,702	1,645	11,747
Supplies and office	9,234	1,448	495	11,177
Advertising and marketing	8,267	1,060	-	9,327
Bad debt	8,910	-	-	8,910
Printing and postage	703	2,902	2,118	5,723
Scholarships and grants distributed	1,958	-	-	1,958
Dues and fees	527	161	71	759
Travel	170	-	-	170
Professional development	46	17	10	73
Tokens	(4,224)	-	-	(4,224)
Total expenses on the Statement of Activities	$ 503,576	$ 114,715	$ 75,551	$ 693,842

Santa Fe Farmers Market Institute
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries, payroll taxes, and benefits	$ 142,070	$ 121,279	$ 83,163	$ 346,512
Depreciation and amortization	110,416	11,510	-	121,926
Accounting and legal	-	51,719	-	51,719
Consultants and contracts	41,944	9,176	54,878	105,998
Occupancy costs	109,923	10,871	-	120,794
Leases	32,362	3,201	-	35,563
Equipment expense and repairs and maintenance	24,476	2,421	-	26,897
Interest	15,865	1,569	-	17,434
Insurance	11,244	1,112	-	12,356
Bank and merchant fees	72	11,884	-	11,956
Supplies and office	20,274	3,219	126	23,619
Advertising and marketing	19,339	7,802	3,932	31,073
Bad debt	5,907	-	-	5,907
Printing and postage	1,112	5,159	6,521	12,792
Scholarships and grants distributed	3,982	-	-	3,982
Dues and fees	165	2,081	-	2,246
Travel	956	334	615	1,905
Professional development	300	716	-	1,016
Tokens	22,923	-	-	22,923
Total expenses	563,330	244,053	149,235	956,618
Less expenses shown above netted with revenues on the Statement of Activities	-	-	(42,872)	(42,872)
Total expenses on the Statement of Activities	$ 563,330	$ 244,053	$ 106,363	$ 913,746

The accompanying notes are an integral part of these financial statements.

Santa Fe Farmers Market Institute

Statements of Cash Flows
For the Years Ended December 31,

	2020	2019
Cash flows from operating activities		
Cash received from tenants	$ 248,699	$ 349,632
Cash received from grants and contributions	666,786	237,213
Cash received from fundraising	36	61,403
Other cash received	9,361	6,999
Cash paid to employees and suppliers	(545,168)	(737,979)
Cash paid for interest	(21,352)	(15,532)
Net cash provided (used) by operating activities	358,362	(98,264)
Cash flows from investing activities		
Purchases of investments	(20,292)	(75,057)
Purchases of property and equipment	(4,653)	-
Net cash used by investing activities	(24,945)	(75,057)
Cash flows from financing activities		
Proceeds (payments) from line of credit	(70,000)	70,000
Proceeds from issuance of EIDL	159,000	-
Proceeds from refinance of mortgage loan	400,000	-
Payments on notes payable	(293,851)	-
Payment of debt issuance costs	(9,932)	(26,419)
Net cash provided by financing activities	185,217	43,581
Net increase (decrease) in cash and cash equivalents	518,634	(129,740)
Cash and cash equivalents, beginning of year	85,703	215,443
Cash and cash equivalents, end of year	$ 604,337	$ 85,703
Reconciliation to the Statements of Financial Position		
Cash and cash equivalents	$ 535,845	$ 72,710
Cash restricted for debt service	36,000	-
Cash restricted for token reimbursements	32,492	12,993
Total cash and cash equivalents	$ 604,337	$ 85,703

The accompanying notes are an integral part of these financial statements.

Santa Fe Farmers Market Institute
Notes to the Financial Statements
December 31, 2020 and 2019

1) Organization

Santa Fe Farmers Market Institute (the "Institute") is a non-profit corporation organized under the laws of the State of New Mexico in 2002. The Institute's purpose is to:

- Support the Santa Fe Farmers Market (the "Market") by owning and managing a long-term building and site for the Market in Santa Fe's Railyard District (the "Railyard");
- Implement programs to promote agricultural and other land-based traditions in northern New Mexico, and;
- Educate consumers about the cultural, nutritional and economic benefits of buying locally produced foods and agricultural products.

Support for the Institute comes primarily from individual, corporate, foundation, and governmental (federal, state, and local) grants and contributions.

2) Summary of Significant Accounting Policies

Basis of Accounting and Presentation
The financial statements of the Institute are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. Financial statement presentation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 958-205, *Not-for-Profit Entities–Presentation of Financial Statements*.

The Institute is required to report information regarding their financial position and activities according to the following two classes of net assets:

- *Net assets without donor restrictions* represent the portion of the Institute's net assets that are not restricted by donor-imposed stipulations and are available for operations and management's discretion.
- *Net assets with donor restrictions* represents resources restricted by donors as to purpose or by the passage of time and resources whose use by the Institute is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Institute.

Use of Estimates
Financial statement preparation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2) Summary of Significant Accounting Policies – continued

Reclassifications
Certain reclassifications have been made to the 2019 financial information to conform to the 2020 financial statement presentation. Such reclassifications had no effect on 2019 total net assets or changes in net assets.

Cash and Cash Equivalents
For purposes of reporting cash flows, the Institute considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Institute maintains cash deposits in checking and savings accounts, as well as certificates of deposits, which at times may exceed federally insured limits. At December 31, 2020 and 2019, bank balances totaled $621,446 and $290,468, respectively, all of which was insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

Restricted Cash and Investments
Restricted cash and investments include amounts deposited into accounts for use in the Farmers Microloan Program, as described in Note 14, and for token reimbursements under the Double Up Food Bucks program. The Institute is also required to maintain restricted cash equal to twelve months of principal and interest payments on the mortgage loan described in Note 7. This restricted cash account will be released to the Institute upon the achievement of two consecutive years of satisfactory debt service coverage.

The Institute's restricted investments are comprised of long-term certificates of deposit. The carrying value of these investments reasonably approximate fair value. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Receivables
Receivables are stated at the amount that management expects to collect. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Allowances for uncollectible receivables is based on analysis and aging of receivables.

Property and Equipment
Purchased property and equipment are recorded at cost and donations of property and equipment are recorded as support at their estimated fair value at the date of donation. The Institute capitalizes expenditures for property and equipment in excess of $1,000 when the useful life extends beyond one year. Donations of property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is calculated using the straight-line method over the estimated useful lives ranging from 3 – 40 years. Leasehold improvements are amortized over their useful lives not to exceed the term of the related lease.

2) Summary of Significant Accounting Policies – continued

Accrued Vacation Pay
The Institute pays accrued vacation upon separation from service. Employees are not paid for accrued sick leave upon termination of their employment. A maximum carryover of 10 vacation days (80 hours) is allowed on an employee's employment anniversary date unless an exception to the carryover limit is approved by the Board of Directors.

Revenue Recognition
Contributions received without donor restrictions are recognized when cash or ownership of donated assets is unconditionally promised to the Institute. The Institute recognizes gifts of cash and other assets as restricted if they are received with donor stipulations of purpose or time. The Institute recognizes revenue from governmental agencies when all eligibility requirements related to the award have been met, generally when a grant award is made to the Institute and funds have been obligated by the governmental agency, and is reported as revenue with donor restrictions.

Donated Assets, Materials and Services
The Institute receives in-kind donations of facilities, services and supplies. Contributions of facilities and supplies are recorded at their estimated fair values at the date of donation. Donated services that (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Institute if not provided by donation, are recorded at their fair values in the period received. A substantial number of unpaid volunteers have made contributions of their time that did not meet the criteria for recognition.

Income Taxes
The Institute is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Institute has adopted FASB ASC 740-10, *Income Taxes*, relating to accounting for uncertain tax positions. The Institute has not recognized any changes to its financial statements for uncertain tax positions resulting from this adoption. The Institute's income tax filings for the years ended December 31, 2017 and thereafter are subject to audit by various taxing authorities.

Fair Value of Financial Instruments
For financial statement purposes, receivables, accounts payable, accrued liabilities, and notes payable are considered financial instruments. The Institute estimates that the fair value of all financial instruments at December 31, 2020 and 2019, did not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position because of their short-term nature and because interest rates on the note payable approximate current market rates.

Santa Fe Farmers Market Institute
Notes to the Financial Statements
December 31, 2020 and 2019

2) Summary of Significant Accounting Policies – continued

Advertising Costs
The Institute charges the costs of advertising to expense as incurred. Advertising costs totaled $9,141 and $13,940 for the years ended December 31, 2020 and 2019, respectively, not including in-kind advertising services received.

Functional Allocation of Expenses
The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Institute. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Depreciation and amortization, occupancy costs, lease expense, equipment expense, repairs and maintenance, interest, and insurance are allocated on the basis of square footage used by the different programs within the Institute. Accounting and legal expenses and bank and merchant fees are allocated on the basis of a staffing allocation.

Subsequent Events
Subsequent events through June 24, 2021 the date which the financial statements were available to be issued, were evaluated for recognition and disclosure in the financial statements.

3) Liquidity and Availability

The following table reflects the Institute's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

	2020	2019
Financial assets, at year-end		
Cash and cash equivalents	**$ 535,845**	$ 72,710
Accounts receivable	**58,984**	21,235
Total financial assets, at year-end	**594,829**	93,945
Less amounts unavailable for general expenditures within one year, due to donor-imposed restrictions	**(36,511)**	(36,511)
Less amounts unavailable to management without Board approval, representing amounts designated for building reserves and capital improvements	**(184,733)**	(60,121)
Financial assets available to meet cash needs for general expenditures within one year	**$ 373,585**	$ (2,687)

3) Liquidity and Availability – continued

The Institute's cash management policy is to maintain enough operating cash to cover at least one month's operating expenses, including access to a line of credit. See Note 6 for more information on the Institute's line of credit.

4) Accounts Receivable

Accounts receivable consist of the following at December 31:

	2020	2019
Tenants	$ 42,944	$ 11,814
Defaulted microloans	-	9,421
Pledges	16,040	4,000
Less: Allowance for doubtful accounts	-	(4,000)
Total accounts receivable, net	$ 58,984	$ 21,235

5) Property and Equipment

Property and equipment consist of the following as of December 31:

	2020	2019
Depreciable		
Buildings and improvements	$ 4,401,900	$ 4,401,900
Leasehold improvements	117,516	117,516
Landscaping	13,095	13,095
Furniture and equipment	32,162	27,509
Less: Accumulated depreciation and amortization	(1,486,774)	(1,366,774)
Total depreciable property and equipment, net	3,077,899	3,193,246
Artwork	36,511	36,511
Property and equipment, net	$ 3,114,410	$ 3,229,757

6) Line of Credit

During 2019, the Institute entered into a line of credit (LOC) arrangement with a financial institution. The LOC provides the Institute with the ability to borrow up to $100,000 at a rate of 6.5%. At December 31, 2020 and 2019, $0 and $70,000, respectively, was outstanding on the LOC. The line of credit matured in June 2020 and was not renewed.

7) Notes Payable

Notes payable consist of the following as of December 31:

	2020	2019
Mortgage loan	$ 393,513	$ 277,719
Economic injury disaster loan (EIDL)	149,355	-
Less: Unamortized debt issuance costs	(9,932)	-
Total long-term debt, net of debt issuance costs	532,936	277,719
Current portion	(21,810)	(277,719)
Total long-term debt, net of current portion and debt issuance costs	$ 511,126	$ -

Mortgage Loan
In August 2020, the Institute issued a promissory note to a local financial institution for $400,000. The proceeds from the note were used to refinance a mortgage note and payoff the balance owed on the line of credit. The loan is payable in monthly installments of $3,007, including interest at a fixed rate of 4.18%, through August 11, 2025. The note is secured by the Institute's rights and interest in its tenant lease agreements plus assignment of rents on its leased premises located at 1607 Paseo de Peralta in Santa Fe, New Mexico, as well as a right of setoff in all of the Institute's accounts with the financial institution.

The Institute reports debt issuance costs as a direct deduction from the face amount of the mortgage loan issued. Unamortized debt issuance costs totaled $9,932 and $0 at December 31, 2020 and 2019, respectively. Amortization of debt issuance costs of $0 and $1,904 for the years ended December 31, 2020 and 2019, respectively, is reported as a portion of depreciation and amortization in the accompanying statements of activities.

The Institute is required to comply with various covenants for this note, including the maintenance of a minimum debt service coverage ratio. As of December 31, 2020, the Institute was in compliance with all related covenants.

Economic Injury Disaster Loan (EIDL)
The Institute issued an Economic Injury Disaster Loan (EIDL) of $150,000 by a Small Business Administration (SBA) approved partner on June 23, 2020. Monthly installment payments, including principal and interest of $641, will begin twelve months from the date of the promissory note. Interest accrues on the loan at a rate of 2.75%. The balance of principal and interest will be payable thirty years from the date of the promissory note. The note is secured by all of the Institute's tangible and intangible personal property because the loan amount exceeds $25,000.

7) Notes Payable – continued

Future principal payments on notes payable as of December 31, 2020 are as follows:

	Principal	Interest	Total
2021	$ 21,810	$ 18,095	$ 39,905
2022	24,529	19,194	43,723
2023	25,427	18,296	43,723
2024	26,362	17,360	43,722
2025	311,856	13,370	325,226
2026-2030	21,582	16,856	38,438
2031-2035	24,759	13,679	38,438
2036-2040	28,404	10,034	38,438
2041-2045	32,586	5,852	38,438
2046-2050	25,553	1,282	26,835
	$ 542,868	$ 134,018	$ 676,886

8) Net Assets With Donor Restrictions

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

	2020	2019
Restricted for time:		
Pledges receivable	**$ 16,040**	$ -
Restricted for purpose:		
Farmers Microloan Program		
Restricted cash and investments	**197,197**	198,875
Individual and foundation grants and contributions	**24,377**	11,487
Total farmers microloan program	**221,574**	210,362
Token reimbursements	**17,857**	12,993
Debt service	**36,000**	-
Professional development	**55,103**	41,712
POP Club	**11,326**	11,326
Fresh Rx and Double Up Food Bucks	**3,308**	3,425
Café seating project	**2,172**	4,485
Artwork	**36,511**	36,511
Total net assets with donor restrictions	**$ 399,891**	$ 320,814

9) Net Assets Released From Restrictions

Net assets released from restriction consist of the following for the years ended December 31:

		2020		2019
Purpose restriction accomplished:				
Change in restricted cash and investments for farmers microloan program	**$**	**1,678**	$	(4,797)
Token reimbursements		**(4,865)**		11,504
Change in restricted cash for debt service		**(36,000)**		-
Professional development		**4,494**		3,370
Programming Assistant position		**-**		11,500
POP Club		**-**		18
Fresh Rx and Double Up Food Bucks		**5,118**		-
Café seating project		**2,313**		-
Microloans		**8,910**		14,689
Total net assets released from restrictions	**$**	**(18,352)**	$	36,284

10) Leasing Income

The Institute leases space in its leased premises, also known as the Market Building, to various tenants. Below is a summary of these lease agreements:

- During September 2008, the Institute signed an agreement with the Market to lease the main Market Hall and other space of the Market Building for forty years, with four consecutive renewal options of ten years each. Base monthly rent amounts are charged, with an increase of 2.5% annually at the beginning of each calendar year thereafter.
- During June 2012, the Institute signed a second lease agreement with the Market to rent a first-floor retail space for 3.33 years with one 3-year renewal option. Base monthly rent amounts are charged, with an increase of 2.5% annually at the beginning of each calendar year thereafter.
- During May 2019, the Institute signed a lease agreement with an organization to rent a portion of its second-floor office space. The lease agreement commenced on May 1, 2019 and is for two years, with a one-year renewal option. Base monthly rent amounts are charged, with an increase of 2.5% annually at the beginning of each calendar year thereafter.

10) Leasing Income – continued

- During May 2009, the Institute signed a lease agreement with a restaurant to rent a portion of its first-floor space. The lease agreement began October 1, 2009, and is for a period of 10 years, with two options to renew for five years each. The restaurant exercised its first renewal option in September 2019. Base monthly rent amounts are charged, with an increase of 2.5% annually at the beginning of each calendar year thereafter. The Institute and this tenant amended the lease agreement in 2020 to reduce rent for the period September 2020 through March 2021 due to the impact of the COVID-19 pandemic. The accumulation of this reduced rent will be repaid beginning in January 2022 and is reported as a portion of accounts receivable in the accompanying statements of net position.
- During December 2009, the Institute signed an agreement with a local financial institution to allow the financial institution's Automatic Teller Machine (ATM) to be on the Institute's premises. The lease term is for five years, with three five-year renewal options. Base monthly rent amounts are charged.

Leasing income for the years ended December 31, 2020 and 2019, was $287,988 and $328,776, respectively. These amounts include the common area maintenance (CAM) reimbursements received from tenants.

Future minimum lease payments to be received by the Institute, not including the payment of reduced rent from its restaurant tenant described above, are as follows:

Year ending December 31,	
2021	$ 182,496
2022	174,227
2023	178,371
2024	182,619
2025	28,973
2026-2030	152,299
2031-2035	172,313
2036-2040	194,956
2041-2045	220,575
2046-2048	129,397
	$ 1,616,226

11) Fundraising Income, Net of Related Expenses

Fundraising income consist of the following for the years ended December 31:

	2020	2019
Fundraising events		
Auction and ticket sales	$ 36	$ 26,982
Less: fundraising event expenses	-	(42,872)
Fundraising events, net of related expenses	36	(15,890)
Raffle ticket sales	-	2,400
Sponsorships	-	18,200
Special appeals	-	13,821
Total fundraising income, net of related expenses	$ 36	$ 18,531

12) In-Kind Contributions

In-kind contributions consist of the following for the years ended December 31:

	2020	2019
Event materials/expenses	$ -	$ 19,584
Advertising services	8,065	17,466
Professional services	2,573	-
Total in-kind contributions	$ 10,638	$ 37,050

13) Operating Lease

The Institute signed a lease with the Santa Fe Railyard Community Corporation (SFRCC) in November 2005 for lease of the premises where the permanent site for the Santa Fe Farmer's Market is located. The initial lease term was for forty years beginning on the commencement date, with four consecutive ten-year renewal options. Following the commencement date, which occurred in 2008 when the Institute and the Market initially occupied the building, the annual base rent started at $29,568 per year with an increase of 2.5% annually at the beginning of each calendar year thereafter.

13) Operating Lease – continued

Future minimum lease payments under the lease are as follows:

Year ending December 31,	
2021	40,760
2022	41,779
2023	42,823
2024	43,894
2025	44,991
2026-2030	242,401
2031-2035	274,254
2036-2040	310,294
2041-2045	351,069
2046-2048	232,414
	$ 1,624,679

14) Farmers Microloan Program

The Institute collaborates with local credit unions in offering microloans to vendors of the Market. The local credit unions originate the loans and collect and keep the repayments of principal and interest of the loans. Under the program, a board committee accepts applications and approves loans for qualified farmers and projects. The Institute is required to maintain funds to collateralize 100% of the loans outstanding. At December 31, 2020 and 2019, $219,167 and $198,875 in cash and investments were on hand, respectively. Therefore, the loans outstanding were fully collateralized at December 31, 2020 and 2019.

The loans are not held in the Institute's name and are not reflected in the accompanying financial statements. Individual loans range from $400 to $10,000 on a case-by-case basis and one vendor may have up to $10,000 outstanding at any given time. The interest rate is 6% on all loans. Microloan activity is as follows for the years ended December 31:

	2020	2019
Outstanding microloans, beginning of the year	**$ 46,064**	$ 64,043
Plus: New loans issued, collections, and recoveries, net	**(12,819)**	(17,979)
Less: Defaulted loans written off	**-**	-
Outstanding microloans, end of the year	**$ 33,245**	$ 46,064

Santa Fe Farmers Market Institute
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14) Farmers Microloan Program – continued

Loan statistics include the following at December 31:

	2020	2019
Total number of outstanding loans	**14**	19
New loans issued during the year	**5**	7
Average amount of new loans issued	**$ 4,700**	$ 3,980
Interest rate of new loans issued	**6.00%**	6.00%

15) Recently Issued Accounting Pronouncements

The following accounting pronouncements have been issued but have not yet been implemented by the Institute.

<u>Leases</u>
On February 25, 2016, the FASB issued ASU 2016-02 *Leases*, which significantly changes the accounting for leases in the financial statements of lessees and supersedes FASB ASC Topic 840. With this update, U.S. GAAP now will require lessees under operating leases to recognize a liability in the statement of financial position, a liability to make lease payments (the lease liability), and an asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting election not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Cash flows related to operating leases will continue to be reported within operating activities on the statement of cash flows. The ASU is effective for fiscal years beginning after December 15, 2020 (the Institute's fiscal year ending December 31, 2021).

The Institute is the lessor of rental property to related and unrelated entities, as more fully described in Note 10. Accordingly, FASB ASU 2016-02 is expected to have a significant impact on future financial reporting periods of the Institute.

16) COVID-19 Pandemic

The Institute's operations in fiscal years 2020 and 2021 have been affected by the recent and ongoing outbreak for the coronavirus disease 2019 (COVID-19) which has been declared a pandemic by the World Health Organization. The ultimate disruption caused by the outbreak is uncertain; however, it could have an adverse impact on the Institute's financial position, operations, and cash flows.

16) COVID-19 Pandemic – continued

In response to the pandemic, the Institute issued an EIDL with a SBA approved partner, as more fully described in Note 7. The Institute was also granted a $66,300 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. The Institute's PPP loan was 100% forgiven in March 2021 based on a covered period of qualifying expenditures during 2020. The Institute recorded the forgiveness of the loan as a portion of government grant revenue in the accompanying statements of activities.

The extent to which the COVID-19 outbreak impacts the Institute's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity and impact of the COVID-19 outbreak, the effects of the outbreak on the Institute's grantors and contributors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume.