CULTIVATING
SCIENCE
Growing the landscape of competitive food and agricultural research
SoAR
FOUNDATION
2015
ANNUAL
REPORT
The ‘green revolution’ of the 1950s–1970s set the bar for a fruitful era of scientific progress.

Given the many problems confronting farms and food production now, we need the next revolution to start today. Food is too important to the human race to be a research after-thought; it needs to be a high priority for the nation’s entire scientific community.

–DR. WILLIAM DANFORTH
The Future Looks Bright for Agricultural Research in 2016

Despite being a city boy, food and agriculture has been an enduring passion since I was a young graduate student at University of California-Berkeley examining agricultural field stations throughout the Golden State. It inspired me to serve as USDA’s deputy chief of the Food Safety and Quality Service. Even in the 1970s, people recognized that additional funding for food and agricultural research was required to solve some of the world’s most vexing problems. Dr. William Danforth and others worked diligently to help create the USDA’s Agricultural Food and Research Initiative (AFRI) and this vision is now closer to a reality than ever.

It is an honor to serve as the Supporters of Agricultural Research (SoAR) Foundation’s first president. Our non-partisan coalition brings together higher education associations, farmers, science societies, commodity and consumer organizations and others. Together, we believe that federal support of investigator initiated, merit-based, peer reviewed research provides a way to tackle daunting challenges such as increasing weather variability, surges of crop pathogens, and food safety. Our chief goal is advocating for full funding of AFRI, the USDA’s flagship competitively awarded grant program. With this investment, we will spark the technological advances required to improve public health, strengthen our economic competitiveness, increase our national security, and feed a rapidly growing world.

Public investment in agricultural research increased by less than one percent in actual dollars from 2004 to 2013. In the 1940s, almost 40 percent of American research and development (R&D) spending was focused on agriculture. Today, it only accounts for 2 percent of the federal R&D budget. Within the 2008 Farm Bill, AFRI was authorized for $700 million but has received less than half of this in actual funding. In the last four years, only $950 million of the $3.85 billion in projects recommended by AFRI review panels have received support.

When SoAR was first staffed in February 2015, Dr. Danforth had already assembled a team including an esteemed board of directors and partner organizations. Since we opened our doors, SoAR helped generated eight national press stories including a New York Times op-ed published by board members Alan Leshner and Philip Sharp. We interviewed ground-breaking researchers and shared their success stories. Four new organizations became partners. We organized a group of leading scientists to serve on our Science Advisory Committee. John McDonnell and Dr. Alan Leshner joined our Board of Directors.

We are seeing results. Congress increased AFRI program support by $25 million for FY16. The President’s FY17 budget includes a full AFRI funding request of $700 million.

Funding agricultural research will help ensure that Americans meet economic, public health, and national security challenges, and that there is nourishing food on everyone’s plate today and tomorrow.

I express my deepest gratitude to our board of directors, Science Advisory Committee, donors, partners, consultants, and staff for their dedication, enthusiasm, and support.

THOMAS GRUMBLY
President
March 2016
We are entering a new phase in our efforts to modernize and transform American agricultural research. The goal is to help important constituencies – including universities, scientists, farmers, food producers, consumers, environmentalists, members of Congress and administration officials – communicate and understand each other in order to advise wise policies.

It is necessary to do so now because agricultural science dropped from public concern after the very successful Green Revolution of the 1950s–1970s led by Norman Borlaug who went to Mexico in the 1940s to try to improve wheat production. The results over the next 30 years have been amazing: cereal production per acre trebled ending starvation in most parts of the world. The results were so impressive that attention and federal funding turned to other challenges such as human health and improvements in technology. As usual, nature went its own way. Now the population of the world has grown; current techniques require too much water and fertilizer; new diseases of plants and animals have appeared; the weather has changed producing droughts; rivers and aquifers are rapidly depleting.

Wise policies and sufficient funding are now essential if the United States is to continue to be a major leader in feeding the enlarging population without further damage to our life-sustaining environment. Science is ready for the challenge with more powerful mathematical and computational tools and expertise from other disciplines including biomedical research, engineering and other basic sciences. Moreover, public and political understanding is increasing as the daily news focuses on the growing threats to our way of life. The awarding of the Nobel Peace Prize to Norman Borlaug now looks prescient as we learn how much the political instabilities and wars in the Middle East have resulted from too little food caused by droughts. Thus, the public is more aware of the importance of our mission and the need for cooperation between the scientific community and government.

We recently established the Supporters of Agricultural Research (SoAR) Foundation, and have invited others to join us. Our partners include The Association of American Universities, The Association of Public and Land-grant Universities, American Farm Bureau Federation, American Association for the Advancement of Science, most scientific societies in the field, as well as producer and consumer groups. We must continue to make progress toward SoAR’s long term goals: increasing the public’s understanding of the importance of world class agricultural research, building governmental support for such research, and inspiring a new generation of agricultural researchers.
AMPLIFYING BILL DANFORTH’S VISION
JOHN MCDONNELL—SoAR’S INCOMING BOARD CHAIR

John McDonnell, an aeronautical engineer and the former CEO and chair of the McDonnell-Douglas Corporation, grew up in the house next door to Bill Danforth in St. Louis. But John didn’t really get to know Bill until he joined the Washington University Board of Directors in 1976.

“I received an invitation to join the board of another university in St. Louis,” McDonnell recounts, “and since Bill was the Chancellor of Washington University, I asked him for advice on the opportunity. Bill said instead, ‘Why don’t you come onto our board?’ That established our working relationship.”

After Dr. Danforth retired as Chancellor, he became chair of WashU’s board and McDonnell served as vice-chair. When Dr. Danforth retired as chair, McDonnell assumed the role. This arrangement was repeated at the Donald Danforth Center for Plant Sciences and at BioSTL, an initiative they launched to help grow start-up companies in the life sciences. In Spring 2016, McDonnell will succeed Dr. Danforth as SoAR Foundation’s board chair.

“It is exhilarating to be able to follow Bill,” McDonnell notes. “By letting him offload some of the governance and oversight responsibilities, he is freed up to do the visionary work.”

“SoAR is the megaphone to rally everybody to understand what is needed,” he concludes. “Bill and I are both believers in the competitive free enterprise system that made America the undisputed leader in medical research. We now need to grow the overall pie of agricultural research, with the greatest growth taking place in the competitive areas.”

SoAR founder Bill Danforth and board member John McDonnell at an event in St. Louis in 2010.
RESILIENT CORN THROUGH BETTER BREEDING

Corn (maize) is the single largest crop in U.S. agriculture. More corn is produced and sold than any other commodity. Surprisingly, the bulk of the crop comes from only a handful of varieties bred specifically to flourish in the Midwest.

With weather and growing conditions becoming less predictable, the lack of crop diversity leaves corn fields vulnerable to heat and water stress as well as pests and pathogens. A consortium of researchers with an AFRI grant are exploring how the rich diversity of tropical varieties can benefit North American farms.

This it is not a simple process since you cannot just plant a tropical maize seed in Iowa and expect it to thrive. The tropical varieties must acclimate to the weather, length of the day and growing season. The researchers are looking at different varieties of tropical maize to determine which genes control these adaptation traits. In breeding new varieties, the traits can then be excluded or adjusted to better handle the North American climate.

The researchers are using the same selective breeding processes that farmers have used for centuries. Since they don’t have hundreds of years to experiment, they are using advanced techniques to shorten the plant breeding cycles. Hardier varieties of corn with a broader gene pool are needed now to keep farming profitable so that the U.S. can continue to serve as a breadbasket to the world.
AN ELECTRIFYING WAY TO WASH PRODUCE

According to the U.S. Centers for Disease Control, foodborne illness sickens 48 million people (one out of every six Americans) every year. Bacteria, viruses, and parasites found in or on food cause more than 250 different diseases, sending 128,000 people to the hospital and killing 3,000 annually.

With AFRI support, researchers at the Harvard School of Public Health are exploring ways to supercharge how we wash produce to eliminate dangerous pathogens like Listeria, E. coli, and Salmonella. Instead of applying toxic chemicals or scrubbing with soap and water, they use super-tiny, electrified water droplets.

The researchers first create a very fine mist of “aerosolized water” and then pass that mist through an electrified field. The resulting drops of water are 25 nanometers in diameter, 4,000 times smaller than the width of a human hair. They remain suspended in the air because of the electric charge that they carry. When they bounce into microorganisms, they expel their charge and destroy the pathogens, and the aerosol reverts back into water vapor.

This new method has so far proven effective for killing off bacteria on tomatoes and stainless steel surfaces. Safety tests with laboratory mice demonstrated that inhaling the electrified mist had no harmful effects. The next steps will be test the method with other foods while continuing to ensure the safety of the process. If this method’s promise holds, it can be an effective and relatively inexpensive way to eliminate foodborne pathogens and help maintain food’s freshness.
THE PB&J IS POISED FOR A COMEBACK

More than a decade ago, the peanut butter and jelly sandwich was a staple of school children’s lunches. The J.M. Smucker Company estimated that the average young person ate 1,500 PB&Js before graduating high school.

Today, concerns about food allergies have stunted this sandwich. With approximately 2.8 million Americans suffering from peanut allergies and the number of allergic children tripling over the past decade, many families and schools have eliminated the PB&J from the lunch menu.

Researchers at North Carolina A&T University have found a way to improve this situation. Working under an AFRI grant, the scientists identified an enzyme that can neutralize the protein triggering allergic reactions. They devised a process that removes 98 percent of the allergens without altering the peanut’s flavor, color, and nutritional content. In follow-up skin prick tests conducted by the University of North Carolina at Chapel Hill, the technique showed a reduction in allergic reactions.

Preliminary research suggests that this approach may also be applied to reducing allergic reactions to wheat, one of most important grains in the American diet. The process could also be used for immunotherapy and by food companies looking to minimize cross-contamination risks as products pass through their facilities. The new process will allow parents and schools to add a healthy option and introduce the PB&J to a new generation.
ONE SHOT FITS ALL FOR FLU PREVENTION

Every year, epidemiologists at the World Health Organization take educated guesses on which flu virus strains will be prevalent during the winter months. Pharmaceutical companies use this information to develop vaccines and then public health experts basically “cross their fingers” and hope. There is not enough time to stop production and fine tune a new formulation if they predicted wrong.

Complicating matters is the way different flu virus strains can bounce and change unpredictably among people, poultry, and pigs. In 2009, a swine flu outbreak killed more than 280,000 people worldwide after mutating from strains infecting all three species. In 2015, an outbreak of avian flu resulted in the deaths of more than 42 million chickens and 7.5 million turkeys. The virus did not infect people, but nonetheless caused $3.3 billion in damages.

Researchers at Ohio State University and the University of Cincinnati College of Medicine, with an AFRI grant, are trying to take the guesswork out of flu vaccine production. They are analyzing a recently discovered protein common to almost all flu strains that reliable triggers immune system responses, two rare traits in the family of flu viruses.

In working with this protein and then adding in other flu protein targets, they hope to produce a universal vaccine to protect people, pigs, and poultry from all flu strains. Vaccine candidates are already being tested for safety and immune responses as well as delivery mechanism by injection or nasal inhaler. If successful, the research will save hundreds of thousands of lives and billions of dollars.

RECHARGING CALIFORNIA’S DEPLETED GROUNDWATER

California produces more than one half of our nation’s fruits and vegetables. The state’s epic drought is not just devastating for its farmers, it is hurting American consumers. Even with the return of rainy weather this winter, it will take more to recover their dwindling groundwater supply.

The San Joaquin Valley may be ground zero of this drought. It contains some of the most productive farmland in the US, growing more than 250 annual and perennial crops and generating over 7 percent of the nation’s total agricultural output.

Over the years, however, market trends have moved many farms from growing row crops, like cotton and vegetables, to perennials, such as grapes and almonds. Because perennials need more water throughout the year, farmers have increasingly had to tap into groundwater for irrigation. As a result, reserves are depleting.

Researchers at the University of California, Davis, working with an AFRI grant, are diving into the problem of recharging groundwater aquifers. They are analyzing periodic floods of perennials, which can help replenish underground aquifers. Flooding fields had previously been thought to negatively impact the perennial plants, but some have proven surprisingly resilient.

The researchers are measuring whether there is an actual decrease in crop productivity and assessing where the trade-offs in productivity outweigh the benefits in recharging groundwater. With most groundwater supplies emptied for at least the near future, this research will help farmers adapt to the new seasonal variations in which surface water ebbs and flows.
The SoAR Foundation launched in February 2015 with a professional team of staff and consultants. Along with our board of directors, partners, and donors, we look forward to continuing to advance competitive agricultural research in the years ahead.

The SoAR team includes our staff; our colleagues at Burness, who collaborate on communications and public relations; The Russell Group, who work with us on congressional relations, strategy and implementation; and our consultants who provide specialized expertise.

BURNESS Burness is a global communications firm supporting nonprofits and the people they serve. Since 1986, they have sought to empower people with information that can be used to improve the human condition and advance social change.

THE RUSSELL GROUP For 30 years, the Russell Group has helped clients succeed in Washington. The Russell Group team’s expertise includes child nutrition, food safety, agricultural research, animal health, and production agriculture.

SOAR CONSULTANTS Judah Houser, Bethany Johns, Gail Pesyna, Carol Scheman, and Diane Thompson.

CONTRIBUTORS

William Danforth
Paul and Vicki Chandler Charitable Fund
John F. McDonnell Fund
The Povar-Bachorik Family Fund
Adele M. Thomas Charitable Foundation, Inc.
Roger and Teresa Beachy
Alan Bennett
Andy Burness
Thomas and Carolyn Church
Gregory and Kathryn Dahlberg
James Desmond
Robert Easter
Thomas and Judith Grumbly
Thomas and Rhonda Hayes
Alan and Agnes Leshner
Andrea Putman
Carol Scheman
Virginia Weldon
Mark Wrighton and Risa Zwerling
Our coalition partners collectively represent the interests of tens of thousands of farmers, scientists, veterinarians, and consumers and hundreds of colleges and universities.

We are also collaborating with the following universities to develop a report on agricultural research and its important role in solving food production issues today and in the future:

- Cornell University
- Iowa State University
- Kansas State University
- Massachusetts Institute of Technology
- North Carolina State University
- Purdue University
- Stanford University
- University of California - Davis
- University of Illinois
- University of Nebraska - Lincoln
- Washington University in St. Louis

Together with our coalition partners and universities, SoAR is working toward our mutual goal of increasing federal investments in agricultural research and producing the best possible food and agriculture science to meet some of the greatest challenges of the 21st century.
SCIENTIFIC ADVISORY COMMITTEE

The Committee’s mission is to provide the SoAR Foundation with key insights on matters of science and science policy. The Committee offers recommendations on how to strengthen agricultural research, raise its profile within the broader science community, and enhance collaboration between various government science agencies. Its members represent a diverse range of fields and currently include:

DR. VICKI CHANDLER, COMMITTEE CHAIR
Dean of the College of Natural Sciences, Minerva Schools at KGI

DR. ARTHUR BIENENSTOCK
Professor Emeritus of Photon Science, Stanford University

DR. ROBERT COUSINS
Eminent Scholar and Boston Family Professor of Nutrition and Director, Center for Nutritional Sciences, University of Florida

DR. MICHAEL LAIRMORE
Dean and Distinguished Professor, School of Veterinary Medicine, University of California, Davis

DR. ELLIOT MEYEROWITZ
George W. Beadle Professor of Biology; Investigator, Howard Hughes Medical Institute, California Institute of Technology

DR. CHARLES RICE
University Distinguished Professor of Soil Microbiology, Kansas State University

DR. BARBARA SCHAAL
Dean of the Faculty of Arts & Sciences and the Mary-Dell Chilton Distinguished Professor, Department of Biology, Washington University in St. Louis

DR. PATRICK STOVER
Professor and Director of the Division of Nutritional Sciences, Cornell University
INDEPENDENT AUDITORS’ REPORT
BURDETTE SMITH & BISH LLC

To the Board of Directors of
Supporters of Agricultural Research Foundation
Arlington, Virginia

We have audited the accompanying financial statements of Supporters of Agricultural Research Foundation, (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Supporters of Agricultural Research Foundation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Burdette Smith + Bish, LLC

Fairfax, Virginia
February 12, 2016
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

Current Assets
- Cash: $106,334
- Total Current Assets: $106,334

Investment—Marketable Securities: $1,851,094

Property and Equipment, at Cost: $76,959
- Less: Accumulated Depreciation: $(14,385)
- Total Property and Equipment: $62,574

Other Assets
- Deposits: $13,439
- Total Other Assets: $13,439
- Total Assets: $2,033,441

LIABILITIES AND NET ASSETS

Current Liabilities
- Accounts Payable: $50,798
- Accrued Vacation: $7,703
- Total Current Liabilities: $58,501

Noncurrent Liabilities
- Deferred Rent: $27,282

Net Assets
- Unrestricted: $1,947,658
- Total: $2,033,441

STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2015

UNRESTRICTED NET ASSETS

Revenues
- Direct Support: $98,220
- Founding Donor Support: $2,890,481
- Total: $2,988,701

Expenses
- Programs: $802,901
- Support Services:
  - Fundraising: $54,371
  - Management and General: $164,386
- Total: $1,021,658

Increase (Decrease) In Net Assets from Operations: $1,967,043

Other Revenues (Expenses)
- Investment Income (Loss), Net of Fees: $(49,800)

Increase (Decrease) in Net Assets: $1,917,243

Net Assets at Beginning of Year: $30,415

Net Assets at End of Year: $1,947,658

STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>Program Expenses</th>
<th>Fundraising</th>
<th>Management and General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting and Legal Fees</td>
<td>$12,446</td>
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<td>$10,050</td>
<td>$22,496</td>
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<tr>
<td>Advertising and Promotion</td>
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<td>$223</td>
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<tr>
<td>Bank and Card Service Fees</td>
<td>$-</td>
<td>$-</td>
<td>$130</td>
<td>$130</td>
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<td>Contract Services</td>
<td>$351,339</td>
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<td>$351,339</td>
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<tr>
<td>Depreciation and Amortization</td>
<td>$-</td>
<td>$-</td>
<td>$14,385</td>
<td>$14,385</td>
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<tr>
<td>Insurance</td>
<td>$-</td>
<td>$-</td>
<td>$1,298</td>
<td>$1,298</td>
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<td>Miscellaneous</td>
<td>$2,161</td>
<td>$734</td>
<td>$1,123</td>
<td>$4,018</td>
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<td>Payroll</td>
<td>$280,256</td>
<td>$52,361</td>
<td>$135,725</td>
<td>$468,342</td>
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<td>Payroll-Related Expenses</td>
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<td>$1,053</td>
<td>$1,675</td>
<td>$5,779</td>
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<td>Postage, Printing, and Supplies</td>
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<td>$24,138</td>
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<tr>
<td>Rent, Parking, and Utilities</td>
<td>$70,506</td>
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<td>$-</td>
<td>$70,506</td>
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<tr>
<td>Subscription Services</td>
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<td>$3,277</td>
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<tr>
<td>Telephone and Communications</td>
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<td>$-</td>
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<td>$6,289</td>
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<tr>
<td>Travel and Meetings</td>
<td>$49,438</td>
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<td>$49,438</td>
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<td></td>
<td>$802,901</td>
<td>$54,371</td>
<td>$164,386</td>
<td>$1,021,658</td>
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</tbody>
</table>

SoAR Foundation 2015 Annual Report
# STATEMENT OF CASH FLOWS
## FOR YEAR ENDED DECEMBER 31, 2015

### Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received from Direct Support</td>
<td>$643,521</td>
</tr>
<tr>
<td>Cash Paid for Operations</td>
<td>($921,490)</td>
</tr>
<tr>
<td>Interest and Dividend Income</td>
<td>$43,283</td>
</tr>
<tr>
<td>Investment Fees</td>
<td>($20,049)</td>
</tr>
<tr>
<td><strong>Net Cash Provided by (Used in) Operating Activities</strong></td>
<td><strong>($254,735)</strong></td>
</tr>
</tbody>
</table>

### Cash Flows from Investing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of Property and Equipment</td>
<td>($76,959)</td>
</tr>
<tr>
<td>Proceeds from Sale of Stock</td>
<td>$1,262,041</td>
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<tr>
<td>Purchases of Stock</td>
<td>($840,989)</td>
</tr>
<tr>
<td><strong>Net Cash Provided by (Used in) Investing Activities</strong></td>
<td><strong>$344,093</strong></td>
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</table>

### Net Increase (Decrease) In Cash and Cash Equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Increase (Decrease) In Cash and Cash Equivalents</strong></td>
<td><strong>$89,358</strong></td>
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</table>

### Cash and Cash Equivalents, Beginning of Year

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents, Beginning of Year</td>
<td>$16,976</td>
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### Cash and Cash Equivalents, End of Year

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents, End of Year</td>
<td>$106,334</td>
</tr>
</tbody>
</table>

### Reconciliation of Changes in Net Assets to Net Cash Provided by (Used In) Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (Decrease) in Net Assets</td>
<td>$1,917,243</td>
</tr>
<tr>
<td><strong>Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:</strong></td>
<td></td>
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<tr>
<td>Donated Stock</td>
<td>($2,345,180)</td>
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<tr>
<td>Depreciation Expense</td>
<td>$14,385</td>
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<tr>
<td>Realized Gain on Sale of Marketable Securities</td>
<td>($41,358)</td>
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<tr>
<td>Unrealized Loss on Marketable Securities</td>
<td>$114,392</td>
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<tr>
<td>(Increase) Decrease in Deposits</td>
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<tr>
<td>Increase (Decrease) Accounts Payable</td>
<td>$50,798</td>
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<tr>
<td>Increase (Decrease) in Accrued Vacation</td>
<td>$7,703</td>
</tr>
<tr>
<td>Increase (Decrease) in Deferred Rent</td>
<td>$27,282</td>
</tr>
<tr>
<td><strong>(Increase) Decrease in Deposits</strong></td>
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<td><strong>Net Cash Provided by (Used In) Operating Activities</strong></td>
<td><strong>($254,735)</strong></td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1—Organization

Supporters of Agricultural Research Foundation (SoAR) leads a non-partisan coalition of scientific, consumer, and producer groups working to educate various stakeholders about the importance of agricultural research, including full funding for the agriculture food and research initiative (AFRI). AFRI is a program established by congress in 2008 to award competitive grants for research projects at any institution that applies best ideas from any discipline to the many problems confronting today’s farmers and consumers. The primary source of revenue is donations.

NOTE 2—Summary of Significant Accounting Policies

Basis of Presentation

SoAR prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, whereby revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Estimates

The preparation of financial statements requires SoAR to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments - Fair Value of Financial Instruments

Accounting principles generally accepted in the United States established a framework for measuring fair value, clarifying the definition of fair value within that framework and expanding disclosure about fair value measurements. U.S. GAAP established a three tiered fair value hierarchy with Level 1 representing quoted prices for identical assets or liabilities in an active market, Level 2 representing quoted prices for identical assets or liabilities in an active market that is non-active or with other than directly or indirectly observable inputs and Level 3 representing estimated values based on unobservable inputs. Related disclosures are segregated for assets and liabilities measured at fair value based on the level used within the hierarchy to determine their fair values.

SoAR discloses its financial instruments, where it is practicable to estimate, at fair value. The carrying value of cash equivalents and other short-term assets and liabilities approximates fair value due to the short time period to maturity. Quoted market prices are the basis for the fair value of investment securities categorized as Level 1 or Level 2. Dividend and interest income are recorded when received. Investment gains and losses are reflected in the statement of revenues, expenses, and changes in net assets as increases or decreases in unrestricted net assets.

Cash Equivalents

For purposes of the statement of cash flows, SoAR considers all short-term investments to be cash equivalents.

Property and Equipment

SoAR capitalizes all individual personal property and leasehold improvements with a cost more than $500 and useful live exceeding one year. Property is recorded at cost when purchased or at fair value when contributed. Depreciation of property is recorded using the straight-line method over the various estimated useful lives of the assets, which range from 5-7 years.

Concentration of Credit Risk

SoAR maintains cash balances at various financial institutions and the Federal Deposit Insurance Corporation insures balances up to $250,000 per institution. From time to time, cash balances may exceed federally insured limits.

Income Taxes

SoAR has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended and classified as other than a private foundation. However, income from certain activities not directly related to the tax-exempt purpose may be subject to taxation as unrelated business income.

Management evaluated SoAR’s tax positions and concluded that they have taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. SoAR is subject to income tax examination by U.S. federal, state, or local authorities for the years after and including December 31, 2014, which was the first year they were required to file an income tax return.
**Net Assets**
To ensure the observance of limitations and restrictions placed on the use of resources available to SoAR, resources for various purposes are classified for accounting purposes into classes established according to their nature and purpose. Net assets are divided into three classes:

**Unrestricted Net Assets** are net assets which are available for general operations, including board designated net assets. There were no board designated net assets for the year ended December 31, 2015.

**Temporarily Restricted Net Assets** include net assets which are subject to donor-imposed restrictions for support of a particular operating activity or for a particular period of time. There are no temporarily restricted net assets at December 31, 2015.

**Permanently Restricted Net Assets** result from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of SoAR. There are no permanently restricted net assets at December 31, 2015.

**Allocated Costs**
Salaries and related expenses, rent, and other expenses have been allocated between program, general and administrative, and fundraising functions based on level of effort.

**Advertising**
Advertising costs are expensed as they are incurred. Total advertising and promotion expense was $223 for the year ended December 31, 2015.

**NOTE 3—Property and Equipment**
The following is a summary of property and equipment, at cost, and the related accumulated depreciation:

- Furniture and Equipment: $6,823
- Computers and IT Equipment: $70,136

Accumulated Depreciation: ($14,385)

Total: $62,574

**NOTE 4—Investment—Marketable Securities**
Marketable securities are presented in the financial statements at fair market value. At December 31, 2015, marketable securities are composed of the following:

<table>
<thead>
<tr>
<th>FMV</th>
<th>Cost</th>
<th>Unrealized Gain (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>$473,827</td>
<td>$510,601</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>$1,109,902</td>
<td>$1,144,110</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>$267,365</td>
<td>$310,775</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,851,094</td>
</tr>
</tbody>
</table>

Fair market values, which are the amounts reported in the statement of financial position, are based on quoted market prices less any dividends and interest income earned but not yet received. The following schedule summarizes the investment return and its classification in the financial statements for the year ended December 31, 2015.

**Investment Income**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>$101</td>
</tr>
<tr>
<td>Dividends</td>
<td>$43,182</td>
</tr>
<tr>
<td>Investment Fees</td>
<td>($20,049)</td>
</tr>
<tr>
<td></td>
<td>$23,234</td>
</tr>
</tbody>
</table>

**Gain/Loss on Investment**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized Gains (Losses)</td>
<td>($114,392)</td>
</tr>
<tr>
<td>Realized Gains (Losses)</td>
<td>$41,358</td>
</tr>
<tr>
<td></td>
<td>($73,034)</td>
</tr>
<tr>
<td></td>
<td>($49,800)</td>
</tr>
</tbody>
</table>
The following table summarizes, by input level, investment assets at fair value as of December 31, 2015:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>$473,827</td>
<td>$–</td>
<td>$–</td>
<td>$473,827</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>$1,109,902</td>
<td>$–</td>
<td>$–</td>
<td>$1,109,902</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>$117,587</td>
<td>$149,778</td>
<td>$–</td>
<td>$267,365</td>
</tr>
<tr>
<td></td>
<td>$1,701,316</td>
<td>$149,778</td>
<td>$–</td>
<td>$1,851,094</td>
</tr>
</tbody>
</table>

NOTE 5—Defined Contribution Pension Plan

SoAR sponsors a defined contribution pension plan under Internal Revenue Code Section 403(b). The plan covers all employees. SoAR will match up to 4% of all contributions made to the employee benefit plan. In order to qualify for the employer match employees must contribute a minimum of 5% of their wages. Contributions for fiscal year ending December 31, 2015 were $14,119.

NOTE 6—Lease Commitments

SoAR leases office space in Arlington Virginia under a lease agreement commencing February 15, 2015 and expiring July 15, 2018, with an option to extend for an additional three years. The monthly rent is $6,719 for the first year with a 2.5% escalator for each succeeding year. The total rent paid for the year ended December 31, 2015 was $36,957. However, due to the landlord waiving payment of rent for the first five months, under the straight line method of accounting the total rent expense for the year ended December 31, 2015 was $64,239. The aggregate future minimum obligations under all non cancelable leases are as follows for the years ended December 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$82,480</td>
</tr>
<tr>
<td>2017</td>
<td>$84,542</td>
</tr>
<tr>
<td>2018</td>
<td>$46,858</td>
</tr>
<tr>
<td></td>
<td>$213,880</td>
</tr>
</tbody>
</table>

NOTE 7—Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through February 12, 2016, the date the financial statements were available for issuance.
The SoAR Foundation’s first goal is to raise the USDA Agricultural and Food Research Initiative’s annual budget to $700 million, the level Congress authorized in the 2008 Farm Bill.

Our long-term goals are more far-reaching and consequential. Through a commitment to investing in agricultural research, we envision a future where a new generation of scientists are creating solutions to some of society’s greatest challenges. Researchers are discovering ways to enhance our health and well-being through agricultural innovation.

Our families are putting healthy food on the table without sacrificing their paychecks. Food security is drastically increased and food waste and foodborne illnesses are dramatically reduced.

Farmers are boosting production and earning a fair profit. Their practices are strengthening the quality of the soil, air, and water. Production is keeping pace with the demands of a rising global population. Rural communities are prospering as vital engines of our national economy.

U.S. agricultural leadership is creating well-paying jobs and providing farmers throughout the world with technologies to thrive. As a result, our national security and the stability of nations improve.

The SoAR Foundation envisions this future, which will be possible through investment in agricultural research.