




Financial Statements
for the year ended
December 31, 2018

(with comparative information for the year ended December 31, 2017)





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Independent Accountant's Review Report

The Board of Directors


We have reviewed the accompanying financial statements of  which comprise the statements of financial position as of December 31, 2018 and the related statements of activities, functional expenses, 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 entity 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 the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review 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 conformity with accounting principles generally accepted in the United States of America.



February 14, 2019

Statements of Financial Position

December 31, 2018

(with comparative totals for the year ended December 31, 2017)

Assets	<u>2018</u>	<u>2017</u>
Current assets		
Cash and Cash Equivalents	\$ 400,826	\$ 366,471
Certificate of deposit	112,660	111,429
Receivables	11,141	37,933
Other assets	2,016	-
Prepaid expenses	<u>11,372</u>	<u>13,278</u>
Total current assets	<u>538,015</u>	<u>529,111</u>
Property and equipment		
Leasehold improvements	160,968	159,168
Vehicles	208,346	175,565
Equipment and furniture	<u>181,083</u>	<u>178,441</u>
Less: Accumulated depreciation	<u>(195,983)</u>	<u>(128,855)</u>
Total property and equipment	<u>354,414</u>	<u>384,319</u>
Total assets	<u>\$ 892,429</u>	<u>\$ 913,430</u>
Liabilities and Net Assets		
Current liabilities		
Accounts Payable	\$ 17,696	\$ 10,815
Payroll liabilities	<u>8,914</u>	<u>6,193</u>
Total current liabilities	<u>26,610</u>	<u>17,008</u>
Net assets		
Net assets without donor restrictions	759,103	733,500
Net assets with donor restrictions	<u>106,716</u>	<u>162,922</u>
Total net assets	<u>865,819</u>	<u>896,422</u>
Total liabilities and net assets	<u>\$ 892,429</u>	<u>\$ 913,430</u>

See independent accountants' review report. The accompanying notes are an integral part of the financial statements

Statement of Activities

For the year ended December 31, 2018
(with summarized totals for the year ended December 31, 2017)

	2018			2017
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
Support and revenue				
Contributions & Grants	\$ 359,673	\$ 383,771	\$ 743,444	\$ 924,995
Program income	75,823	-	75,823	78,030
Miscellaneous income	1,257	-	1,257	1,041
	<u>436,753</u>	<u>383,771</u>	<u>820,524</u>	<u>1,004,066</u>
Net assets released from restrictions	439,977	(439,977)	-	-
Total support and revenue	<u>876,730</u>	<u>(56,206)</u>	<u>820,524</u>	<u>1,004,066</u>
Expenses				
Program expenses	692,973	-	692,973	639,516
Supporting and administrative				
Administrative	63,725	-	63,725	53,291
Fundraising	94,429	-	94,429	61,093
	<u>158,154</u>	<u>-</u>	<u>158,154</u>	<u>114,384</u>
Total supporting and administrative	<u>158,154</u>	<u>-</u>	<u>158,154</u>	<u>114,384</u>
Total expenses	<u>851,127</u>	<u>-</u>	<u>851,127</u>	<u>753,900</u>
Change in net assets	25,603	(56,206)	(30,603)	250,166
Net assets at beginning of year	<u>733,500</u>	<u>162,922</u>	<u>896,422</u>	<u>646,256</u>
Net assets at end of year	<u>\$ 759,103</u>	<u>\$ 106,716</u>	<u>\$ 865,819</u>	<u>\$ 896,422</u>

See independent accountants' review report. The accompanying notes are an integral part of the financial statements.

Statement of Functional Expenses

For the year ended December 31, 2018

(with comparative totals for the year ended December 31, 2017)

	2018			
	Programs	Administrative	Fund Raising	Total
Salaries and benefits	\$ 411,545	\$ 38,546	\$ 83,441	\$ 533,532
Farm and urban programs	151,943	-	-	151,943
Payroll taxes	27,775	2,949	6,332	37,056
Professional fees	-	6,288	-	6,288
Occupancy	9,585	2,485	-	12,070
Insurance	17,925	1,070	-	18,995
Travel and vehicle maintenance	5,208	-	-	5,208
Office expense	7,391	4,578	2,733	14,702
Miscellaneous	-	964	1,923	2,887
Depreciation	61,601	6,845	-	68,446
Total expenses	\$ 692,973	\$ 63,725	\$ 94,429	\$ 851,127

	2017			
	Programs	Administrative	Fund Raising	Total
Salaries and benefits	\$ 291,334	\$ 30,569	\$ 53,248	\$ 375,151
Farm and urban programs	225,484	-	-	225,484
Payroll taxes	20,236	2,477	4,063	26,776
Professional fees	-	7,564	-	7,564
Occupancy	8,385	2,162	-	10,547
Insurance	20,463	1,070	-	21,533
Travel and vehicle maintenance	3,793	-	-	3,793
Office expense	8,075	6,157	3,782	18,014
Miscellaneous	1,287	2,692	-	3,979
Depreciation	60,459	600	-	61,059
Total expenses	\$ 639,516	\$ 53,291	\$ 61,093	\$ 753,900

Statement of Cash Flows

December 31, 2018

(with comparative totals for the year ended December 31, 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (30,603)	\$ 250,166
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used by) operating activities		
Depreciation	68,446	61,059
Loss on disposal of assets	955	-
Donated in-kind income	(17,093)	(25,375)
Donated in-kind expenses	17,093	25,375
(Increase) in contributions and grants receivable	26,792	(3,115)
(Increase) in other receivables	(2,016)	-
(Increase) in prepaid expenses	1,906	(2,739)
Increase (decrease) in accounts payable	6,881	(41,583)
Increase (decrease) in payroll liabilities	2,721	(503)
Net cash provided by operations	<u>75,082</u>	<u>263,285</u>
Cash flows used in investing activities		
Purchase of investments	(1,231)	(1,217)
Additions to property and equipment	(39,496)	(134,139)
Net cash used in investing activities	<u>(40,727)</u>	<u>(135,356)</u>
Net increase (decrease) in cash and cash equivalents	34,355	127,929
Cash and cash equivalents, beginning of year	<u>366,471</u>	<u>238,542</u>
Cash and cash equivalents, end of year	<u>\$ 400,826</u>	<u>\$ 366,471</u>

See independent accountants' review report. The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements
December 31, 2018
(See Independent Accountants' Review Report)

Note 1 - Nature of activities and summary of significant accounting policies

Nature of activities

[REDACTED], Inc. is a non profit organization whose mission is to work with communities to ensure access to healthy food and the support to lead healthy lives. The Organization was formed in 2005. The Organization changed its name from [REDACTED] to [REDACTED] in March 2017. The majority of its revenue and support is provided by contributions and grants from corporations, foundations, businesses and individuals.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under generally accepted accounting principles of the United States, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed stipulations, that can be fulfilled by the actions of the Organization pursuant to those stipulations or that expire by the passage of time. Net assets without donor restrictions are assets that are no subject to or are no longer subject to donor-imposed stipulations.

Contribution Revenues

Contribution revenues are recorded as increases in net assets with or without restrictions depending on the existence and nature of any donor restrictions.

Amounts restricted by the donor are reported as increases in net assets with restrictions depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of estimates

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

Equipment and depreciation

Leasehold improvements, vehicles, furniture, and equipment are recorded at cost, or at fair market value, if donated. The Organization capitalizes all expenditures for capital assets in excess of \$1,000. Leasehold improvements, vehicles, furniture and equipment are depreciated over an estimated useful life of 3 to 10 years using the straight line method.

Notes to Financial Statements
December 31, 2018
(See Independent Accountants' Review Report)

Note 1 - Summary of significant accounting policies (concluded)

Cash equivalents

For purposes of the Statement of Cash Flows, the Organization considers highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

Certificates of deposits

Investments in certificates of deposits are reported at their fair value plus accrued interest.

Grants and Pledges Receivable

Pledges are recognized as revenue when the donor makes a pledge to give to the Organization that is, in substance, unconditional. Grants and pledges receivable that are expected to be collected within one year, are recorded at their net realizable value. Grants and pledges receivable that are expected to be collected in future years, are recorded at the present value of estimated future cash flows. Discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the pledge is made. The Organization estimates that all grants and pledges receivable are fully collectible; therefore, no allowance for uncollectible amounts has been established.

Donated services, equipment and materials

The Organization recognizes assets, services, and supplies, and other items in accordance with FASB Accounting Standards Codification 958, *Not for Profit Entities*. All in-kind contributions are recorded when received at fair value as income and expenses or capitalized as property or equipment. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue. The Organization pays for most services requiring specific expertise. However, **5,480** individuals volunteered their time and perform a variety of tasks. Total contributed farming space was \$10,810 and other inkind donations was \$6,283 for a total of \$17,093 at December 31, 2018.

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization are tax deductible as defined by Section 170 of the Internal Revenue Code. The Organization generally is no longer subject to examination by the Internal Revenue Service for the years before 2016.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between the program and supporting services benefitted. Direct costs are allocated to specific activities; other categories are allocated on estimates of time and effort.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Notes to Financial Statements
December 31, 2018
(See Independent Accountants' Review Report)

Note 1 - Summary of significant accounting policies (concluded)

Advertising

Advertising costs are expensed when incurred.

Note 2 – Certificate of deposits

The Organization currently has an outstanding certificate of deposit in the amount of \$112,660 as of December 31, 2018, due September 2021. Interest rate is 1.1%.

Note 3 -Property and equipment

Property, equipment and improvements at December 31 consists of the following:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 160 968	\$ 159 168
Furniture and equipment	208 346	178 441
Vehicles	<u>181 083</u>	<u>175 565</u>
	550 397	513 174
Less accumulated depreciation	<u>195 983</u>	<u>128 855</u>
Total	<u>\$ 354 414</u>	<u>\$ 384 319</u>

Depreciation expense totaled \$68,446 for the current year.

Note 4 – Leases

The Organization has a lease for office space. The terms are from March 1 to February 28, 2018, renewed annually. Currently the rent amounts to \$1,000, monthly. The Organization signed a lease for use of real property for farming purposes. The terms of the lease began May 1, 2016, and continues for ten years at a rent expense of \$1 annually. The Organization will agree to contribute to physical plant of the premises with improvements of approximately \$300,000. Total in-kind value of the rental of the farming property amounted to \$810.

The Organization also has leased land consisting of five acres for use as an urban farm; the lease is dated April 1, 2017, and will continue for nine years; the landlord shall have the right to terminate after March 2023, with no less than twelve months notice and payment of an early termination fee. There is no rent and total inkind value of the rental of farming property amounted to \$10,000. The Organization's total rent expense for the year ended December 31, 2018, was \$22,880 (including inkind) and is included within occupancy expense and farming costs on the statement of activities.

Notes to Financial Statements
December 31, 2018
(See Independent Accountants' Review Report)

Note 5 - Retirement plan

The Organization offers a SIMPLE IRA retirement plan for all full time employees, beginning January 1, 2016. Employees may make voluntary contributions to the plan. The Organization contributes 3% of applicable gross salaries. Contributions charged to expense totaled \$7,655 for the year ended December 31, 2018.

Note 6 - Concentration of credit risk

The Organization maintains its cash balances in financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$250,000 for balances carried in member banks. At times, bank balances may exceed federally insured limits.

Note 7 - Subsequent events

In preparing these statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 14, 2019, the date the financial statements were issued.

Note 8 - Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2018, consists of \$106,716 from individuals, foundations, and corporations for specific purposes and time period. Of this amount, \$26,000 is restricted for the purchase and investment in solar panels. The remaining balance of \$80,716 is restricted for specific farming uses.

Net assets with donor restrictions as of December 31, 2017, consists of \$162,922 from individuals, foundations, and corporations for specific purposes and time period.

Net assets released from restrictions of \$439,977 for the year ended December 31, 2018, are related to purpose and time restrictions being met.

Note 9 - Liquidity and availability of financial assets

working capital and cash flows have season variations based upon the activity and produce of the farm. The Organization also receives its grants and contributions throughout the year. A special event is held in the fourth quarter of the calendar year. Cash outflows vary based upon the time of year as well as based upon the activity of the farm. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed restrictions or internal designations.

	<u>2018</u>	<u>2017</u>
Total financial assets	\$ 513 486	\$ 477 900
Less those available for general expenditures within one year due to:		
Purpose restrictions	<u>106 716</u>	<u>162 922</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 406 770</u>	<u>\$ 314 978</u>