

AMERICA'S GROW-A-ROW
(a not-for-profit corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2015

AMERICA'S GROW-A-ROW
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DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Trustees,
America's Grow-A-Row,
Pittstown, New Jersey:

We have audited the accompanying financial statements of America's Grow-A-Row (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 organization'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 organization'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.



Accounting, Tax and Management Advisory Services

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of America's Grow-A-Row as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying supplementary statements of functional expenses and schedules of donated use of facilities, services and materials for the years ended December 31, 2015 and 2014 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Lea + Pannepacker, LLP

LEAR & PANNEPACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS
PRINCETON, NEW JERSEY

March 14, 2016

AMERICA'S GROW-A-ROW
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash	\$ 364,801	\$ 560,001
Cash restricted to land and capital improvements	36,459	--
Certificate of deposit	150,302	--
Grants receivable	62,500	45,000
Prepaid expenses and other current assets	<u>13,797</u>	<u>6,729</u>
Total Current Assets	627,859	611,730
 Land, Property and Equipment, Net	 2,789,040	 1,258,305
Other Assets:		
Intangible assets, net	<u>433</u>	<u>483</u>
Total Other Assets	<u>433</u>	<u>483</u>
 TOTAL ASSETS	 <u>\$ 3,417,332</u>	 <u>\$ 1,870,518</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of long-term debt	\$ 75,519	\$ 40,000
Accounts payable and accrued expenses	28,211	16,144
Credit cards payable	1,299	3,233
Accrued payroll and payroll taxes	9,263	--
Deferred revenue	<u>8,750</u>	<u>8,000</u>
Total Current Liabilities	123,042	67,377
 Long-Term Debt, Net of Current Portion	 1,410,729	 520,000
Net Assets:		
Unrestricted	1,009,102	659,276
Temporarily restricted	149,459	363,865
Permanently restricted	<u>725,000</u>	<u>260,000</u>
Total Net Assets	<u>1,883,561</u>	<u>1,283,141</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,417,332</u>	 <u>\$ 1,870,518</u>

See Notes to Financial Statements

**AMERICA'S GROW-A-ROW
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE:</u>				
Contributions	\$ 1,311,295	\$ 174,000	\$ --	\$ 1,485,295
Donated produce, net of costs	365,144	--	--	365,144
Special events (net)	60,719	--	--	60,719
Contribution restricted for land use	--	--	215,000	215,000
Donated use of facilities, services and materials	30,479	--	--	30,479
Other income	2,067	--	--	2,067
Interest income	<u>647</u>	<u>--</u>	<u>--</u>	<u>647</u>
Total Support and Revenue before Net Assets				
Released from Restrictions	1,770,351	174,000	215,000	2,159,351
Net assets released from restrictions	<u>138,406</u>	<u>(138,406)</u>	<u>--</u>	<u>--</u>
Total Support and Revenue	1,908,757	35,594	215,000	2,159,351
<u>EXPENSES:</u>				
Program services	1,348,697	--	--	1,348,697
Management and general	66,369	--	--	66,369
Fundraising	<u>143,865</u>	<u>--</u>	<u>--</u>	<u>143,865</u>
Total Expenses	<u>1,558,931</u>	<u>--</u>	<u>--</u>	<u>1,558,931</u>
CHANGE IN NET ASSETS	349,826	35,594	215,000	600,420
NET ASSETS – BEGINNING OF YEAR	659,276	363,865	260,000	1,283,141
TRANSFER BETWEEN ACCOUNTS	<u>--</u>	<u>(250,000)</u>	<u>250,000</u>	<u>--</u>
NET ASSETS – END OF YEAR	<u>\$ 1,009,102</u>	<u>\$ 149,459</u>	<u>\$ 725,000</u>	<u>\$ 1,883,561</u>

See Notes Financial Statements

**AMERICA'S GROW-A-ROW
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE:</u>				
Contributions	\$ 749,820	\$ 344,350	\$ --	\$ 1,094,170
Donated produce, net of costs	599,214	--	--	599,214
Contribution restricted for land use	--	--	40,000	40,000
Special events (net)	38,343	--	--	38,343
Donated use of facilities, services and materials	36,535	--	--	36,535
Rental income	36,025	--	--	36,025
Other Income	853	--	--	853
Interest income	<u>61</u>	<u>--</u>	<u>--</u>	<u>61</u>
Total Support and Revenue before Net Assets Released from Restrictions	1,460,851	344,350	40,000	1,845,201
Net assets released from restrictions	<u>315,215</u>	<u>(315,215)</u>	<u>--</u>	<u>--</u>
Total Support and Revenue	1,776,066	29,135	40,000	1,845,201
<u>EXPENSES:</u>				
Program services	1,346,335	--	--	1,346,335
Management and general	40,276	--	--	40,276
Fundraising	<u>144,320</u>	<u>--</u>	<u>--</u>	<u>144,320</u>
Total Expenses	<u>1,530,931</u>	<u>--</u>	<u>--</u>	<u>1,530,931</u>
CHANGE IN NET ASSETS	245,135	29,135	40,000	314,270
NET ASSETS – BEGINNING OF YEAR	<u>414,141</u>	<u>334,730</u>	<u>220,000</u>	<u>968,871</u>
NET ASSETS – END OF YEAR	<u>\$ 659,276</u>	<u>\$ 363,865</u>	<u>\$ 260,000</u>	<u>\$ 1,283,141</u>

See Notes Financial Statements

**AMERICA'S GROW-A-ROW
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 600,420	\$ 314,270
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	60,077	31,621
Accrued interest on certificate of deposit	(302)	--
Recognition of contribution due to forgiveness of debt	(40,000)	(40,000)
Change in operating assets and liabilities:		
Grants receivable	(17,500)	138,593
Prepaid expenses	(7,068)	1,834
Accounts payable and accrued expenses	12,067	(6,553)
Credit cards payable	(1,934)	2,282
Accrued payroll and payroll taxes	9,263	--
Deferred revenue	<u>750</u>	<u>(2,000)</u>
Net Cash Provided By Operating Activities	615,773	440,047
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of certificate of deposit	(150,000)	--
Acquisition of property and equipment	(1,590,762)	(182,665)
Decrease in construction in process	<u>--</u>	<u>20,000</u>
Net Cash Used In Investing Activities	(1,740,762)	(162,665)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from long-term debt	975,000	--
Principal repayment of long-term debt	<u>(8,752)</u>	<u>--</u>
Net Cash Provided By Financing Activities	<u>966,248</u>	<u>--</u>
Net Change in Cash	(158,741)	277,382
Cash at Beginning of Year	<u>560,001</u>	<u>282,619</u>
Cash at End of Year	<u>\$ 401,260</u>	<u>\$ 560,001</u>
<u>Supplementary Disclosures of Cash Flow Information:</u>		
Cash paid for the years for interest	<u>\$ 16,138</u>	<u>\$ 6,027</u>
<u>Non-Cash Transactions:</u>		
Forgiveness of debt (See Note 6)	<u>\$ 40,000</u>	<u>\$ 40,000</u>
Donation of equipment and construction in process	<u>\$ 5,900</u>	<u>\$ 4,650</u>

See Notes to Financial Statements

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 – Summary of Significant Accounting Policies:

Significant accounting policies followed by America's Grow-A-Row in the preparation of the accompanying financial statements are summarized below:

Nature of the Organization

America's Grow-A-Row ("The Organization") was organized under the laws of the State of New Jersey on May 6, 2008. The Organization's mission is to positively impact as many lives as possible through a volunteer effort of planting, picking, rescuing, and delivering free fresh produce. The operations of the Organization are performed in Pittstown and Milford in Hunterdon County, New Jersey.

America's Grow-A-Row grows and gleans fresh, healthy fruits and vegetables that are then donated to hunger relief agencies throughout the state of New Jersey and distributed at our Free Farm Markets in impoverished cities. The Organization also educates people of all ages about healthy eating and nutrition, the hunger crisis, and agriculture. The purpose of the Organization's programs is to consistently get fresh, healthy produce into the hands and onto the plates of those suffering from hunger and/or living in "food deserts" – areas that lack access to fresh, affordable produce – while providing high quality, effective, hands-on education programs for the people we serve as well as our volunteers.

Basis of Presentation

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization uses the following classifications to distinguish among restrictions:

Unrestricted Net Assets

Unrestricted net assets include all contributions received without donor restrictions, and all revenues and expenses. Unrestricted net assets may be used to the discretion of management to support the mission of the Organization and consists of net assets accumulated from the results of operations.

Temporarily Restricted Net Assets

Temporarily restricted net assets include contributions that have donor-imposed restrictions that limit the use of the donated assets. When a donor's restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Permanently Restricted Net Assets

Permanently restricted net assets consist of donor restricted contributions which are required to be held in perpetuity. Income from the assets held is available for general operations or specific purposes, in accordance with donor stipulations.

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued):

Cash

Cash consists of checking and money market accounts. For purposes of the financial statements, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2015 and 2014, respectively.

Certificates of deposit with an initial maturity longer than three months are classified separately from cash on the Statement of Financial Position. This Organization currently holds one certificate of deposit under this classification.

Pledges and Grants Receivable

Pledges and grants receivable consists of amounts contributed from donors. The receivables are reviewed periodically to ensure that assets are not overstated due to lack of collectibility. The Organization considers the amounts reported to be substantially collectible as of the Statement of Financial Position date; accordingly, no allowance for doubtful amounts has been recorded.

Land, Property and Equipment

Acquisitions, improvements, and replacements of major assets are capitalized at cost, or if donated, at the approximate fair value at the date of donation. Repairs which neither increase the value of the asset nor extend its useful life are expensed as incurred. As assets are sold or retired, the cost of accumulated depreciation is removed from the accounts and any gain or loss is recognized. Depreciation is computed using the straight-line method at rates based on the estimated useful life of the asset, which range from 5 to 15 years. Assets with indefinite lives, such as land, are not depreciated but instead reviewed annually for impairment.

Intangibles

During 2009, the Organization purchased and acquired legal rights for a trademark. This intangible asset is being amortized over the estimated useful life of the asset, which is 15 years.

Revenue Recognition

Contribution revenue and grant support are the Organization's main sources of revenue. The Organization records contributions, including unconditional promises to give, as revenues in the period received or pledged, at their fair values. Support received is recognized as unrestricted unless specifically restricted by the donor in which case it is recognized as described on the previous page.

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued):

Contributed Use of Facilities, Services and Materials

The Organization recognizes donated use of facilities, services and materials at their fair value on the date of donation to the extent that these items are able to be reasonably valued and provide tangible benefit to the Organization.

The estimated fair value of donated produce is based on the average wholesale value per pound of donated produce as determined by an independent annual survey commissioned by Feeding America, a national hunger relief, public policy and advocacy organization. During 2015, Feeding America valued donated produce at \$0.68 per pound.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and otherwise would be purchased by the Organization.

Donated use of facilities are recognized and measured at fair value based upon rental costs for similar facilities.

In addition, members of the Organization and other individuals have contributed numerous hours of their time on a volunteer or nominally paid basis to develop and support various programs and fundraising activities. The value of the contributed time is not reflected in these financial statements since they do not meet the criteria for recognition under general accepted accounting principles.

Income Taxes

America's Grow-A-Row has been classified by the Internal Revenue Service ("IRS") as an organization described under section 501(c)(3) of the Internal Revenue Code ("the Code") as exempt from federal income taxes under section 501(a) of the Code. The Organization is subject to a tax on income from any unrelated business.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required, beginning in the fiscal year ended December 31, 2010. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued):

Use of Estimates

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

Reclassifications

Certain amounts previously reported in the financial statements for the year ended December 31, 2014 have been reclassified to conform to the December 31, 2015 classifications.

Note 2 – Fair Value Measurements:

The valuation techniques required by generally accepted accounting principles are based upon observable and unobservable inputs. Observable inputs include market data obtained from independent sources, while unobservable inputs include our market assumptions. These three types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table sets forth, by level, the Company's investments at fair value, within the fair value hierarchy as of December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2015</u>				
Certificate of deposit	\$ _____ --	\$ <u>150,302</u>	\$ _____ --	\$ <u>150,302</u>
Total	\$ _____ --	\$ <u>150,302</u>	\$ _____ --	\$ <u>150,302</u>

When quoted market prices are not readily available or representative of fair value, pricing determinations are made using the income approach based on the results of valuation models using observable market data such as recently reported trades, bid and offer information, and benchmark securities. These investments are included in Level 2.

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 3 – Investments:

Investments are stated at market value and consist of a certificate of deposit held at a financial institution. Fair value and unrealized appreciation (depreciation) at December 31, 2015 is summarized below:

<u>December 31, 2015</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation Depreciation</u>
Certificate of deposit	\$ <u>150,302</u>	\$ <u>150,302</u>	\$ <u> --</u>
Total	\$ <u>150,302</u>	\$ <u>150,302</u>	\$ <u> --</u>

Note 4 – Grants Receivable:

Grants receivable consists of the following at December 31:

	<u>2015</u>	<u>2014</u>
Robert Wood Johnson Foundation	\$ --	\$ 25,000
Corporate Grantors	50,000	--
Other Grantors	<u>12,500</u>	<u>20,000</u>
Total Grants Receivable	\$ <u>62,500</u>	\$ <u>45,000</u>

In April 2013, the Organization was awarded a grant from the Robert Wood Johnson Foundation in the amount of \$250,000 that would allow for the hiring of a full-time Director of Development as well as cover other varied expenses to drive programming growth for the Organization. The grant period is April 15, 2013 through October 14, 2015.

In December 2014, the Organization received a three year pledge to receive \$10,000 per year during 2014, 2015, and 2016. Management anticipates receipt of the remaining amount receivable during 2016.

In December 2015, the Organization received a grant from a corporation of \$50,000 with donor restrictions to use the funds for the acquisition of farmland. Management anticipates receipt of the amount receivable during 2016.

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 5 – Land, Property and Equipment:

The costs and accumulated depreciation of land, property and equipment are summarized at December 31 as follows:

	<u>2015</u>	<u>2014</u>
Land	\$ 2,299,117	\$ 862,344
Land Improvements and Outbuildings	399,012	308,012
Farm Equipment	208,472	155,933
Office Equipment	<u>17,450</u>	<u>7,000</u>
Total Land, Property and Equipment	2,924,051	1,333,289
Less: Accumulated Depreciation	<u>(135,011)</u>	<u>(74,984)</u>
Land, Property and Equipment, Net	\$ <u>2,789,040</u>	\$ <u>1,258,305</u>

Depreciation expense amounted to \$60,027 and \$31,571 for the years ended December 31, 2015 and 2014, respectively.

Note 6 – Intangible Assets:

The costs and accumulated amortization of intangible assets are summarized at December 31 as follows:

	<u>2015</u>	<u>2014</u>
Trademark	\$ 750	\$ 750
Less: Accumulated Amortization	<u>(317)</u>	<u>(267)</u>
Intangibles Assets, Net	\$ <u>433</u>	\$ <u>483</u>

Amortization expense amounted to \$50 for the years ended December 31, 2015 and 2014, respectively.

Note 7 – Short-Term Borrowings:

On December 6, 2010, the Organization obtained an unsecured line of credit from PNC Bank in the amount of \$75,000. The line of credit accrues interest annually at the bank's prime rate of interest plus 2.35% and will mature on December 6, 2016. The stated interest rate at December 31, 2015 was 5.85%. The line of credit has been obtained to cover operating expenses and capital expenditures incurred by the Organization. The outstanding balance at December 31, 2015 and 2014 was \$0 and \$0, respectively.

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8 – Long-Term Debt:

Long-term debt consists of the following at December 31:

	<u>2015</u>	<u>2014</u>
Private mortgage payable, original balance of \$600,000, maturing June 2, 2025 with debt forgiveness in the sum of \$40,000 per annum accruing no interest, secured by land.	\$ 400,000	\$ 440,000
Private mortgage payable maturing June 2, 2025 with interest at a rate of 5.0% per annum secured by land. Annual accrued interest payments are due at the first of the Organization's fiscal year, with a final balloon payment equal to the sum of all principal outstanding due at the mortgage's date of maturity.	120,000	120,000
Real estate mortgage from Farm Credit East ACA, payable in monthly installments of \$5,544, including principal and interest. The loan has an initial variable interest rate of 3.25% per annum; as of December 31, 2015, the stated interest rate is 3.25%. The loan matures on September 1, 2035 and is secured by land and the Certificate of Deposit held by the Organization.	<u>966,248</u>	<u>--</u>
Total Long-Term Debt	1,486,248	560,000
Less: Current Portion of Long-Term Debt	<u>(75,519)</u>	<u>(40,000)</u>
Long-Term Debt, Net of Current Portion	<u>\$ 1,410,729</u>	<u>\$ 520,000</u>

Aggregate maturities due within the next five years ending December 31, are as follows: 2016 - \$75,519; 2017 - \$76,786; 2018 - \$78,001; 2019 - \$79,257; 2012 - \$80,479; Thereafter - \$1,096,206.

The Organization has financed the acquisition of land with two separate debt instruments as shown above, and a downpayment of \$100,000. The mortgage payable, with an original balance of \$600,000, contains an annual forgiveness of indebtedness clause, further discussed below.

For both mortgages, the Organization is required to maintain: their charitable purpose for which their 501(c)(3) status was granted, insurance on the property, continuing use of the land so the property does not become fallow, compliance with any rule and regulation relating to the use and/or occupancy of the property, and compliance with any deed restrictions imposed on the property. Failure to meet any one of these contingencies will result in the lender to declare the Organization in default of both notes therein, and will trigger a 5% interest provision on the note.

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8 – Long-Term Debt (continued):

The written clause represents a *conditional promise to give*, which under generally accepted accounting principles requires annual recognition as each condition is fulfilled by the Organization. Each \$40,000 forgiveness of indebtedness the lender makes will result in a permanently restricted contribution to the Organization as the forgiveness is directly related to the principal of the note collateralized by the related land.

Note 9 – Temporarily Restricted Net Assets:

Temporarily restricted net assets consists of the following at December 31:

	<u>2015</u>	<u>2014</u>
Hunger relief programs	\$ 13,000	\$ 10,000
Camden free market program	--	10,000
Fresh produce initiative	17,500	4,000
General operating support – 2015	--	19,500
Equipment purchases	--	850
Lease for purchase project	--	319,515
Capital improvements	25,459	--
Farmland acquisition	50,000	--
Education center	11,000	--
General operating support – 2016	<u>32,500</u>	<u>--</u>
Total	<u>\$ 149,459</u>	<u>\$ 363,865</u>

Note 10 – Permanently Restricted Net Assets:

During the years ended December 31, 2015 and 2014, the Organization received a \$40,000 contribution restricted for the acquisition of a parcel of land, as identified in Note 3 – Land, Property and Equipment. In addition, during the year ended December 31, 2015, the Organization paid \$425,000 for the acquisition of new farmland from funds restricted for the purchase of farmland. The permanently restricted net asset balance as of December 31, 2015 and 2014 was \$725,000 and \$260,000, respectively.

Note 11 – Concentration of Risk:

During the years ended December 31, 2015 and 2014, the Organization maintained funds in excess of the FDIC insured maximum. The Organization has not experienced any losses and believes it is not exposed to any significant credit risk on such funds.

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 12 – Related Party Transactions:

The Organization entered into an agricultural services agreement on May 19, 2011 with a board member of the Organization for use of the Organization's land in exchange for general consulting services. The board member has been granted the right to use fifty percent of the farmable portion of the real property for agricultural purposes only. The consulting services to be provided in exchange include, without limitation, guidance and instruction relating to general crop production; fertilizer, seed, insecticide and herbicide use; soil sampling; crop rotation, tillage and irrigation and assistance with the Organization's retention of qualified agricultural personnel. Management estimates the value of the consulting services is \$0 and \$36,256 for the years ended December 31, 2015 and 2014, respectively, based on fair market value rates for similar services in the local geographical area. Accordingly, the consulting services are reflected on the Statement of Functional Expenses as farm management services and the revenue is reflected as rental income on the Statement of Activities. This agreement ended on November 30, 2014 and will not continue in the future.

During 2014, the Organization executed a contract for the production of pounds of produce and selection of vegetables for the 2014 harvest season with a member of the board, and their spouse, whom are the owners of Peaceful Valley Orchards ("PVO"). PVO will be responsible for planting, maintenance and transportation of produce production. The agreement called for a total of 1,000,000 pounds of produce to be harvested for the Organization, at a fee of \$0.18 per pound. The agreement called for an additional 183,000 pounds of corn to be harvested for the Organization, at a fee of \$0.12 per pound. The total amount paid to PVO for the 2014 agreement is \$197,726 and is reflected on the Statement of Functional Expenses as farming supplies and materials.

This contract was not renewed for the 2015 production season.

Note 13 – Compensated Absences:

Employees of the Organization are entitled to paid vacation days off, depending on job classification, length of service and other factors. The Organization does not allow for carryover of any absences, thus no liability has been recorded in the accompanying financial statements.

Note 14 – Donated Produce and Use of Facilities, Services and Materials:

Donated produce includes produce gleaned from farmland, and food donations from local supermarkets and farm market channels. The value of the produce donated for the years ended December 31, 2015 and 2014 was \$826,758 and \$835,557. The Organization incurred farming supplies and materials expenses related to the donated produce in the amount of \$461,614 and \$236,343 for the years ended December 31, 2015 and 2014, respectively. Therefore, the donated produce recognized by the Organization in 2014 and 2013 is \$365,144 and \$599,214, respectively.

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 14 – Donated Produce and Use of Facilities, Services and Materials (continued):

The Organization received donated facilities, services and materials in the form of venues and supplies for special events, payroll services and land improvements. The Organization recognized a total of \$30,479 and \$36,535 in donated facilities, services and materials for the years ended December 31, 2015 and 2014, respectively.

The Organization also receives assistance from individuals on a volunteer basis to support its activities. During the year ended December 31, 2015, management estimates approximately 5,570 individuals volunteered for the Organization and provided over 16,410 hours of their time to carry out the various programs and fundraising activities of the Organization. General accepted accounting principles do not require the value of the contributed time to be reflected on the financial statements.

Note 15 – Special Events:

The Organization holds various events to help raise funds and feed the hungry. The funds raised are used to help plant, maintain and harvest produce to be donated to those suffering from hunger. Revenue and expenses from special events consist of the following:

	<u>2015</u>			<u>2014</u>		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net Income</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Income</u>
Farm to Fork	\$ 96,671	\$ 35,952	\$ 60,719	\$ 70,224	\$ 31,881	\$ 38,343
Total	\$ 96,671	\$ 35,952	\$ 60,719	\$ 70,224	\$ 31,881	\$ 38,343

Note 16 – Commitments:

Rental agreements exist throughout the year for seasonal and off-site programs and are put into agreement when needed. No rental commitments exist as of December 31, 2015. Rent expense amounted to \$24,554 and \$53,043 for the years ended December 31, 2015 and 2014, respectively.

Note 17 – Advertising Costs:

The Organization expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2015 and 2014 amounted to \$7,649 and \$11,525, respectively.

Note 18 – Income Taxes:

Under the requirements for recognition for uncertain income tax positions, the Organization has analyzed tax positions taken for filing with the IRS and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on it's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2015.

AMERICA'S GROW-A-ROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 18 – Income Taxes (continued):

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for fiscal years prior to 2013.

Note 19 – Subsequent Events:

The Organization has evaluated subsequent events through March 14, 2016, which is the date the financial statements were issued and has not noted any events to be disclosed.

**AMERICA'S GROW-A-ROW
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 267,170	\$ 24,300	\$ 100,404	\$ 391,874
Produce	365,144	--	--	365,144
Farm supplies and materials	283,112	--	--	283,112
Farming wages	177,476	513	513	178,502
Professional fees	37,790	28,746	25,934	92,470
Depreciation and amortization	60,077	--	--	60,077
Payroll taxes	40,346	1,785	8,671	50,802
Insurance	28,054	1,193	556	29,803
Land and equipment rental	24,554	--	--	24,554
Interest expense	16,138	--	--	16,138
Utilities	12,912	440	--	13,352
Office expense	6,159	4,104	2,263	12,526
School education materials	10,902	--	--	10,902
Advertising costs	2,769	1,767	3,113	7,649
Licenses and taxes	6,584	675	100	7,359
Volunteer events	3,763	400	1,428	5,591
Repairs and maintenance	3,092	--	--	3,092
Employee benefits	2,068	--	839	2,907
Bank charges	--	2,446	--	2,446
Dues and subscriptions	251	--	44	295
Professional development	185	--	--	185
Travel	<u>151</u>	<u>--</u>	<u>--</u>	<u>151</u>
Total Expenses	<u>\$ 1,348,697</u>	<u>\$ 66,369</u>	<u>\$ 143,865</u>	<u>\$ 1,558,931</u>

See Independent Auditor's Report

**AMERICA'S GROW-A-ROW
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Produce	\$ 643,076	\$ --	\$ --	\$ 643,076
Salaries	234,878	13,049	78,293	326,220
Farm supplies and materials	238,672	10	--	238,682
Professional fees	31,626	21,013	47,572	100,211
Land and equipment rental	53,043	--	--	53,043
Farm management services	36,256	--	--	36,256
Depreciation and amortization	31,621	--	--	31,621
Payroll taxes	20,377	1,132	6,792	28,301
Insurance	21,546	205	2,079	23,830
Advertising costs	5,964	2,363	3,198	11,525
School education materials	8,083	14	163	8,260
Office expense	3,164	926	3,637	7,727
Interest expense	6,027	--	--	6,027
Volunteer events	4,181	--	--	4,181
Licenses and taxes	2,352	900	272	3,524
Farming wages	2,734	--	--	2,734
Employee benefits	1,163	139	836	2,138
Bank charges	--	469	1,247	1,716
Professional development	1,025	--	231	1,256
Dues and subscriptions	490	56	--	546
Travel	<u>57</u>	<u>--</u>	<u>--</u>	<u>57</u>
Total Expenses	<u>\$ 1,346,335</u>	<u>\$ 40,276</u>	<u>\$ 144,320</u>	<u>\$ 1,530,931</u>

See Independent Auditor's Report

AMERICA'S GROW-A-ROW
SCHEDULE OF DONATED USE OF FACILITIES, SERVICES AND MATERIALS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Produce	\$ 365,144	\$ --	\$ --	\$ 365,144
Farm supplies and materials	16,750	--	--	16,750
Professional fees	<u>8,829</u>	<u>--</u>	<u>--</u>	<u>8,829</u>
Total	<u>\$ 390,723</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 390,723</u>

AMERICA'S GROW-A-ROW
SCHEDULE OF DONATED USE OF FACILITIES, SERVICES AND MATERIALS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Produce	\$ 599,214	\$ --	\$ --	\$ 599,214
Farm supplies and materials	28,400	-	-	28,400
Professional fees	2,610	550	--	3,160
Land and equipment rental	<u>325</u>	<u>--</u>	<u>--</u>	<u>325</u>
Total	<u>\$ 630,549</u>	<u>\$ 550</u>	<u>\$ --</u>	<u>\$ 631,099</u>