

**AMERICA'S GROW-A-ROW**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

**America's Grow-A-Row  
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December 31, 2018 and 2017**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Trustees  
America's Grow-A-Row

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, 2018 and 2017, and the related statements of activities, functional expenses, 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.



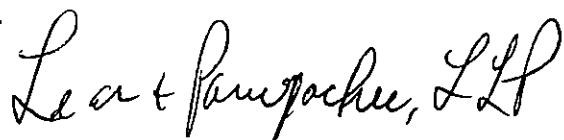
## INDEPENDENT AUDITOR'S REPORT (continued)

### ***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, 2018 and 2017, 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***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary schedules of donated services and materials for the years ended December 31, 2018 and 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or any other assurance on it.

A handwritten signature in black ink that reads "Leor & Pampach, LLP". The signature is written in a cursive, flowing style.

Princeton, New Jersey

April 4, 2019

**America's Grow-A-Row**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

<b>Assets</b>	<u><b>2018</b></u>	<u><b>2017</b></u>
Cash	\$ 576,461	\$ 689,439
Certificate of deposit	151,383	150,953
Grants and pledges receivable	83,389	223,256
Prepaid expenses and other assets	39,410	25,433
Land, property and equipment, net	3,760,473	2,875,688
Intangible assets, net	<u>283</u>	<u>333</u>
<b>Total assets</b>	<b><u>\$ 4,611,399</u></b>	<b><u>\$ 3,965,102</u></b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 25,690	\$ 19,363
Credit cards payable	1,477	523
Accrued payroll and payroll taxes	13,938	13,627
Deferred revenue and refundable advances	--	6,000
Long-term debt	<u>1,840,914</u>	<u>1,337,644</u>
<b>Total liabilities</b>	<b><u>1,882,019</u></b>	<b><u>1,377,157</u></b>
<b>Net assets</b>		
Without donor restrictions	2,166,704	1,909,240
With donor restrictions	<u>562,676</u>	<u>678,705</u>
<b>Total net assets</b>	<b><u>2,729,380</u></b>	<b><u>2,587,945</u></b>
 <b>Total liabilities and net assets</b>	 <b><u>\$ 4,611,399</u></b>	 <b><u>\$ 3,965,102</u></b>

See Notes to Financial Statements

**America's Grow-A-Row**  
**Statement of Activities**  
**Year Ended December 31, 2018**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 825,485	\$ 514,676	\$ 1,340,161
Donated produce, net of costs	100,394	--	100,394
Special events, net	110,771	--	110,771
Contribution - mortgage forgiveness	40,000	--	40,000
Program income	69,495	--	69,495
Donated services and materials	23,448	--	23,448
Other income	4,131	--	4,131
Interest income	<u>2,210</u>	<u>--</u>	<u>2,210</u>
	1,175,934	514,676	1,690,610
Net assets released from restrictions	<u>630,705</u>	<u>( 630,705)</u>	<u>--</u>
Total support and revenue	1,806,639	( 116,029)	1,690,610
<b>Expenses</b>			
Program services	1,338,673	--	1,338,673
Management and general	43,345	--	43,345
Fundraising	<u>167,157</u>	<u>--</u>	<u>167,157</u>
Total expenses	<u>1,549,175</u>	<u>--</u>	<u>1,549,175</u>
<b>Change in net assets</b>	257,464	( 116,029)	141,435
<b>Net assets – beginning of year</b>	<u>1,909,240</u>	<u>678,705</u>	<u>2,587,945</u>
<b>Net assets – end of year</b>	<u>\$ 2,166,704</u>	<u>\$ 562,676</u>	<u>\$ 2,729,380</u>

See Notes to Financial Statements

**America's Grow-A-Row**  
**Statement of Activities**  
**Year Ended December 31, 2017**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 818,505	\$ 565,220	\$ 1,383,725
Special events, net	111,581	--	111,581
Donated produce, net of costs	121,000	--	121,000
Contribution - mortgage forgiveness	40,000	--	40,000
Donated services and materials	33,456	--	33,456
Interest income	1,933	--	1,933
Other Income	2,746	--	2,746
Program income	<u>35,020</u>	<u>--</u>	<u>35,020</u>
	1,164,241	565,220	1,729,461
Net assets released from restrictions	<u>415,515</u>	<u>( 415,515)</u>	<u>--</u>
Total support and revenue	1,579,756	149,705	1,729,461
<b>Expenses</b>			
Program services	1,225,804	--	1,225,804
Management and general	68,169	--	68,169
Fundraising	<u>141,919</u>	<u>--</u>	<u>141,919</u>
Total expenses	<u>1,435,892</u>	<u>--</u>	<u>1,435,892</u>
<b>Change in net assets</b>	143,864	149,705	293,569
<b>Net assets – beginning of year</b>	<u>1,765,376</u>	<u>529,000</u>	<u>2,294,376</u>
<b>Net assets – end of year</b>	<u>\$ 1,909,240</u>	<u>\$ 678,705</u>	<u>\$ 2,587,945</u>

See Notes to Financial Statements

**America's Grow-A-Row**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 326,504	\$ 11,589	\$ 121,684	\$ 459,777
Farming wages	264,531	--	--	264,531
Farm supplies and materials	249,438	--	--	249,438
Produce	127,221	--	--	127,221
Depreciation and amortization	106,448	--	--	106,448
Professional fees	31,736	19,940	7,221	58,897
Payroll taxes	52,605	1,031	10,830	64,466
Interest expense	59,343	--	--	59,343
Insurance	35,245	4,032	3,280	42,557
Employee benefits	48,370	948	9,958	59,276
Office expense	2,953	2,438	8,917	14,308
Utilities	11,551	236	--	11,787
School education materials	13,786	--	--	13,786
Advertising costs	3,713	216	5,213	9,142
Licenses and taxes	1,918	886	--	2,804
Bank charges	--	2,029	--	2,029
Professional development	2,591	--	54	2,645
Dues and subscriptions	720	--	--	720
<b>Total expenses</b>	<b><u>\$ 1,338,673</u></b>	<b><u>\$ 43,345</u></b>	<b><u>\$ 167,157</u></b>	<b><u>\$ 1,549,175</u></b>



**America's Grow-A-Row**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2017**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 278,552	\$ 34,672	\$ 111,486	\$ 424,710
Farming wages	260,512	--	--	260,512
Farm supplies and materials	238,421	--	--	238,421
Produce	148,069	--	--	148,069
Depreciation and amortization	79,562	--	--	79,562
Professional fees	38,742	19,268	7,690	65,700
Payroll taxes	45,621	2,934	9,435	57,990
Interest expense	38,299	--	--	38,299
Insurance	30,602	3,761	2,700	37,063
Employee benefits	22,132	1,424	4,577	28,133
Office expense	11,417	1,378	3,171	15,966
Utilities	12,406	253	--	12,659
School education materials	12,033	--	--	12,033
Advertising costs	4,996	885	2,760	8,641
Licenses and taxes	2,784	778	100	3,662
Bank charges	--	1,816	--	1,816
Professional development	363	1,000	--	1,363
Dues and subscriptions	1,005	--	--	1,005
Volunteer events	206	--	--	206
Travel	82	--	--	82
	<u>82</u>	<u>--</u>	<u>--</u>	<u>82</u>
<b>Total expenses</b>	<b><u>\$ 1,225,804</u></b>	<b><u>\$ 68,169</u></b>	<b><u>\$ 141,919</u></b>	<b><u>\$ 1,435,892</u></b>

**America's Grow-A-Row**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 141,435	\$ 293,569
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	106,448	79,562
Recognition of contribution due to forgiveness of debt	( 40,000)	( 40,000)
Imputed interest on long-term debt	20,067	-
Change in operating assets and liabilities:		
Grants and pledges receivable	139,867	( 61,967)
Prepaid expenses and other assets	( 13,977)	( 12,636)
Accounts payable and accrued expenses	6,327	2,927
Credit cards payable	954	( 207)
Accrued payroll and payroll taxes	311	607
Deferred revenue and refundable advances	( 6,000)	( 25,000)
Net cash provided by operating activities	355,432	236,855
<b>Cash flows from investing activities</b>		
Interest reinvested on certificate of deposit	( 430)	( 651)
Acquisition of property and equipment	( 430,228)	( 201,089)
Net cash used in investing activities	( 430,658)	( 201,740)
<b>Cash flows from financing activities</b>		
Principal repayment of long-term debt	( 37,752)	( 34,047)
Net cash used in financing activities	( 37,752)	( 34,047)
<b>Increase (decrease) in cash</b>	( 112,978)	1,068
<b>Cash at beginning of year</b>	<u>689,439</u>	<u>688,371</u>
<b>Cash at end of year</b>	<u>\$ 576,461</u>	<u>\$ 689,439</u>
<b>Supplementary disclosures of cash flow information</b>		
Cash paid during the year for interest	<u>\$ 59,343</u>	<u>\$ 35,057</u>
<b>Non-cash transactions</b>		
Forgiveness of debt (See Note 7)	<u>\$ 40,000</u>	<u>\$ 40,000</u>
Donation of furniture, equipment and construction in process	<u>\$ 7,429</u>	<u>\$ 17,988</u>
Long-term debt assumed in connection with acquisition of land, property and equipment	<u>\$ 560,955</u>	<u>\$ --</u>

See Independent Auditor's Report

**America's Grow-A-Row**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**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, in New York City and in Philadelphia, PA and distributed at 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 served as well as volunteers.

***Basis of presentation***

The financial statements of America's Grow-A-Row have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and 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:

***Net assets without donor restrictions***

Net assets without donor restrictions include all net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Contributions with donor-imposed restrictions that are met during the same year as the contribution is received are included in net assets without donor restrictions.

**America's Grow-A-Row**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 1 – Summary of significant accounting policies (continued)**

***Basis of presentation (continued)***

***Net assets with donor restrictions***

Net assets with donor restrictions include donor-restricted contributions which are required to be held in perpetuity, with all or part of the income earned to be used for general or specific purposes. Other contributions are subject to donor-imposed stipulations that may or will be met, either by actions of America's Grow-A-Row and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

***Cash***

Cash consists of checking and savings 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. The Organization had no cash equivalents at December 31, 2018 and 2017.

***Certificate of deposit***

A certificate of deposit with an initial maturity longer than three months is classified separately from cash on the accompanying financial statements. This certificate of deposit has a fair value that approximates its cost. This investment is used as collateral on a mortgage note (Note 7).

***Grants and pledges receivable***

Grants and pledges 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 accounts has been recorded. At December 31, 2018, all receivables are due within one year.

***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.

**America's Grow-A-Row**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 1 – Summary of significant accounting policies (continued)**

***Intangibles***

During 2009, the Organization obtained 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 without donor restriction unless specifically restricted by the donor in which case it is recognized as described on the previous page.

***Donated services and materials***

The Organization recognizes donated 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. During 2018 and 2017, the Organization valued donated produce at \$0.86 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.

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 U.S. GAAP.

***Advertising***

The Organization expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2018 and 2017 amounted to \$9,142 and \$8,641, respectively.

***Functional expenses***

The costs of providing programs and other activities are summarized in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, management and general, and fundraising areas.

**America's Grow-A-Row**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 1 – Summary of significant accounting policies (continued)**

***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.

ASC Topic 740 *Accounting for Uncertainty in Income Taxes* clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The guidance also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure.

The Organization's policy is to account for interest and penalties related to unrecognized tax benefits as a component of income tax expense.

***Use of estimates***

The preparation of financial statements in conformity with U.S. GAAP 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, 2017 have been reclassified to conform to the December 31, 2018 classifications.

**Note 2 – Adoption of new accounting pronouncement**

In 2018, the Organization adopted the provisions of ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* issued by the Financial Accounting Standards Board. The Organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization's financial statements:

- Temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- Expenses are reported in the statement of functional expenses by both their natural and functional classification.
- The financial statements include a new disclosure about liquidity and availability of financial assets (Note 9).

**America's Grow-A-Row**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 3 – Fair value measurements**

The valuation techniques required by U.S. GAAP 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 Organization's investments at fair value, within the fair value hierarchy as of December 31, 2018 and 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>December 31, 2018</u></b>				
Certificate of deposit	\$ <u>          --</u>	\$ <u>  151,383</u>	\$ <u>          --</u>	\$ <u>  151,383</u>
<b>Total</b>	<b>\$ <u>          --</u></b>	<b>\$ <u>  151,383</u></b>	<b>\$ <u>          --</u></b>	<b>\$ <u>  151,383</u></b>
<b><u>December 31, 2017</u></b>				
Certificate of deposit	\$ <u>          --</u>	\$ <u>  150,953</u>	\$ <u>          --</u>	\$ <u>  150,953</u>
<b>Total</b>	<b>\$ <u>          --</u></b>	<b>\$ <u>  150,953</u></b>	<b>\$ <u>          --</u></b>	<b>\$ <u>  150,953</u></b>

**America's Grow-A-Row**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 4 – Land, property and equipment**

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

	<u>2018</u>	<u>2017</u>
Land	\$ 2,895,735	\$ 2,299,118
Land improvements and outbuildings	769,872	514,039
Farm equipment	414,274	326,583
Office equipment	26,719	26,527
Vehicles	<u>50,850</u>	<u>-</u>
Total land, property and equipment	4,157,450	3,166,267
Less: accumulated depreciation	<u>( 396,977)</u>	<u>( 290,579)</u>
<b>Land, property and equipment, net</b>	<b><u>\$ 3,760,473</u></b>	<b><u>\$ 2,875,688</u></b>

Depreciation expense amounted to \$106,398 and \$79,512 for the years ended December 31, 2018 and 2017, respectively.

**Note 5 – Intangible assets**

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

	<u>2018</u>	<u>2017</u>
Trademark	\$ 750	\$ 750
Less: accumulated amortization	<u>( 467)</u>	<u>( 417)</u>
<b>Intangibles assets, net</b>	<b><u>\$ 283</u></b>	<b><u>\$ 333</u></b>

Amortization expense amounted to \$50 for each of the years ended December 31, 2018 and 2017.

**Note 6 – Short-term borrowings**

The Organization has an unsecured line of credit with Unity Bank in the amount of \$75,000. The line of credit accrues interest at the bank's prime rate of interest plus 0.5% (6% at December 31, 2018). There were no outstanding balances at December 31, 2018 and 2017 on this line of credit.



**America's Grow-A-Row**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 7 – Long-term debt**

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

	<u>2018</u>	<u>2017</u>
Mortgage payable, original balance of \$600,000, maturing June 2, 2025 with debt forgiveness of \$40,000 per annum accruing no interest, secured by land.	\$ 280,000	\$ 320,000
Mortgage payable maturing June 2, 2025 with interest at 5.0% per annum secured by land. Annual accrued interest payments are due at the beginning 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
Note payable in monthly installments of \$1,153, including interest at 4.25% per annum secured by a vehicle.	45,872	--
Mortgage payable in monthly installments of \$200 with no interest through April 2020. Interest for this period was imputed at 6%. Beginning in May 2020 through April 2023, payable in monthly installments of \$6,632 inclusive of interest at 7% with a balloon payment in April 2023.	530,272	--
Mortgage payable in monthly installments of \$6,807, including interest at the bank's variable rate (5.95% at December 31, 2018). The lender returns patronage refunds annually (\$10,622 in 2018 and \$8,429 in 2017) which reduce interest expense. The loan matures on September 1, 2035 and is secured by land and the Organization's certificate of deposit.	<u>864,770</u>	<u>897,644</u>
<b>Total long-term debt</b>	<b><u>\$ 1,840,914</u></b>	<b><u>\$ 1,337,644</u></b>

Aggregate maturities due within the next five years ending December 31, are as follows:

2019	\$	83,401
2020		85,628
2021		118,821
2022		131,112
2023		532,983
Thereafter		<u>888,969</u>
		<b><u>\$ 1,840,914</u></b>

**America's Grow-A-Row**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 7 – Long-term debt (continued)**

The mortgage payable with an original balance of \$600,000 contains an annual forgiveness of indebtedness clause. On an annual basis, if the Organization continues to meet the requirements in the following paragraph, \$40,000 is forgiven by the lender. The written clause represents a *conditional promise to give*, which under U.S. GAAP requires annual recognition as each condition is fulfilled by the Organization. Annual forgiveness of indebtedness by the lender is recorded as contribution income by the Organization.

Two of the mortgages payable require the Organization to maintain their charitable purpose, maintain insurance on the property, continue use of the land so the property does not become fallow, and comply with applicable laws and deed restrictions. 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 non-interest bearing note. At December 31, 2018, the Organization was in compliance with these requirements.

**Note 8 – Net assets with donor restrictions**

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

	<u>2018</u>	<u>2017</u>
Hunger relief programs	\$ --	\$ 10,000
Fresh produce initiative	--	100,000
General operating support – subsequent years	511,000	147,500
Equipment purchases	3,676	25,000
Land acquisition and building construction	48,000	282,720
Expansion of Pennsylvania farm programs	--	62,500
Education center improvements	--	50,985
<b>Total</b>	<b><u>\$ 562,676</u></b>	<b><u>\$ 678,705</u></b>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions during the years ended December 31 as follows:

	<u>2018</u>	<u>2017</u>
Hunger relief programs	\$ 10,000	\$ 10,000
Fresh produce initiative	100,000	135,000
General operating support – subsequent years	127,500	144,000
Equipment purchases	45,000	51,000
Expansion of Pennsylvania farm programs	62,500	62,500
Land acquisition and building construction	234,720	--
Education center improvements	50,985	13,015
<b>Total</b>	<b><u>\$ 630,705</u></b>	<b><u>\$ 415,515</u></b>

**America's Grow-A-Row**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 9 – Liquidity and availability of financial assets**

The Organization manages its liquid resources by focusing on investing excess cash in interest-bearing bank accounts and certificates of deposit to maximize earnings potential balanced with the amount of risk the Organization's finance committee has decided can be tolerated. This policy is designed to ensure adequate financial assets are available to meet general expenditures, liabilities, and other obligations as they become due.

The Organization prepares a detailed budget to ensure adequate resources to cover programs. The Organization focuses on timing vendor payments to maximize the time they have access to the cash. As a last resort, the Organization has access to a \$75,000 line-of-credit to assist in meeting cash needs. The following reflects the Organization's financial assets available to be used for general expenditures within one year of December 31, 2018:

Cash	\$ 576,461
Grants and pledges receivable	83,389
Prepaid expenses	39,410
Accounts payable and accrued expenses	( 25,690)
Credit cards payable	( 1,477)
Accrued payroll and payroll taxes	<u>( 13,938)</u>
Total financial assets	658,155
Less those unavailable for general expenditures within one year, due to:	
Purpose restrictions by donors	<u>( 51,676)</u>
	<u>\$ 606,479</u>

**Note 10 – Concentration of risk**

The Organization places its cash and cash equivalents in high credit quality financial institutions. At times, cash balances may be in excess of the FDIC insurance limit. The Organization has not experienced any losses and believes it is not exposed to any significant credit risk on such funds.

In 2018, contributions from one donor totaled 19% of the Organization's total revenues.

**Note 11 – 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.

**America's Grow-A-Row**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 12 – Donated produce, services and materials**

Donated produce includes produce gleaning from farmland, and food donations from local supermarkets and farm market channels. The total pounds of produce donated for the years ended December 31, 2018 and 2017 were approximately 1,498,480 and 1,316,213, respectively. The value of produce donated to the Organizations was \$100,394 and \$121,000 in 2018 and 2017, respectively.

The Organization received donated services and materials including packing materials, payroll services, database services and kitchen renovations. The Organization recognized a total of \$23,448 and \$33,456 in donated services and materials for the years ended December 31, 2018 and 2017, respectively.

The Organization also receives assistance from individuals on a volunteer basis to support its activities. During the years ended December 31, 2018 and 2017, management estimates 8,400 and 9,100 individuals volunteered for the Organization and provided over 18,000 and 22,000 hours of their time, respectively, to carry out the various programs and fundraising activities of the Organization. In accordance with U.S. GAAP, the value of the contributed time is not reflected on the accompanying financial statements.

**Note 13 – 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>2018</u>		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Farm to Fork	\$ 160,611	\$ 51,408	\$ 109,203
Pennies for Produce	4,787	55	4,732
Barn Dinner	2,000	5,119	( 3,119)
Other	<u>3,655</u>	<u>3,700</u>	<u>( 45)</u>
<b>Total</b>	<b><u>\$ 171,053</u></b>	<b><u>\$ 60,282</u></b>	<b><u>\$ 110,771</u></b>
	<u>2017</u>		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Farm to Fork	\$ 158,786	\$ 55,125	\$ 103,661
Pennies for Produce	4,018	55	3,963
Barn Dinner	9,030	4,226	4,804
Other	<u>2,174</u>	<u>3,021</u>	<u>( 847)</u>
<b>Total</b>	<b><u>\$ 174,008</u></b>	<b><u>\$ 62,427</u></b>	<b><u>\$ 111,581</u></b>

**Note 14 – Subsequent events**

The Organization has evaluated subsequent events through April 4, 2019, which is the date the financial statements were issued and has not noted any events to be disclosed.

**America's Grow-A-Row**  
**Schedules of Donated Services and Materials**  
**Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Produce	\$ 100,394	\$ 121,000
Land improvements and outbuildings	7,429	12,177
Farm supplies and materials	13,660	10,950
Professional fees	758	6,256
Furniture	--	2,762
Special event supplies	1,311	1,311
Software licenses	<u>300</u>	<u>--</u>
<b>Total</b>	<b><u>\$ 123,852</u></b>	<b><u>\$ 154,456</u></b>