

AMERICA'S GROW-A-ROW

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

America's Grow-A-Row
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December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

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, 2019 and 2018, 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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.

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, 2019 and 2018, 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, 2019 and 2018 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.

Lear & Pannepacker, LLP

Princeton, New Jersey

April 2, 2020

America's Grow-A-Row
Statements of Financial Position
December 31, 2019 and 2018

Assets	2019	2018
Cash	\$ 616,400	\$ 576,461
Certificate of deposit	152,893	151,383
Grants and pledges receivable	229,462	83,389
Prepaid expenses and other assets	24,069	39,410
Land, property and equipment, net	3,547,009	3,760,473
Intangible assets, net	<u>233</u>	<u>283</u>
Total assets	<u>\$ 4,570,066</u>	<u>\$ 4,611,399</u>
 Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 23,437	\$ 25,690
Credit cards payable	173	1,477
Accrued payroll and payroll taxes	15,203	13,938
Long-term debt	<u>1,452,671</u>	<u>1,840,914</u>
Total liabilities	<u>1,491,484</u>	<u>1,882,019</u>
 Net assets		
Without donor restrictions	2,647,582	2,166,704
With donor restrictions	<u>431,000</u>	<u>562,676</u>
Total net assets	<u>3,078,582</u>	<u>2,729,380</u>
Total liabilities and net assets	<u>\$ 4,570,066</u>	<u>\$ 4,611,399</u>

See Notes to Financial Statements

America's Grow-A-Row
Statement of Activities
Year Ended December 31, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 1,138,335	\$ 431,000	\$ 1,569,335
Donated produce, net of costs	95,741	--	95,741
Special events, net	106,642	--	106,642
Contribution - mortgage forgiveness	40,000	--	40,000
Program income	76,416	--	76,416
Donated services and materials	60,796	--	60,796
Other income	3,121	--	3,121
Interest income	<u>3,371</u>	<u>--</u>	<u>3,371</u>
	1,524,422	431,000	1,955,422
Net assets released from restrictions	<u>562,676</u>	<u>(562,676)</u>	<u>--</u>
Total support and revenue	2,087,098	(131,676)	1,955,422
Expenses			
Program services	1,400,292	--	1,400,292
Management and general	40,766	--	40,766
Fundraising	<u>165,162</u>	<u>--</u>	<u>165,162</u>
Total expenses	<u>1,606,220</u>	<u>--</u>	<u>1,606,220</u>
Change in net assets	480,878	(131,676)	349,202
Net assets – beginning of year	<u>2,166,704</u>	<u>562,676</u>	<u>2,729,380</u>
Net assets – end of year	<u>\$ 2,647,582</u>	<u>\$ 431,000</u>	<u>\$ 3,078,582</u>

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>
Support and revenue			
Contributions	\$ 825,485	\$ 514,676	\$ 1,340,161
Special events, net	110,771	--	110,771
Donated produce, net of costs	100,394	--	100,394
Program income	69,495	--	69,495
Contribution - mortgage forgiveness	40,000	--	40,000
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
Expenses			
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>
Change in net assets	257,464	(116,029)	141,435
Net assets – beginning of year	<u>1,909,240</u>	<u>678,705</u>	<u>2,587,945</u>
Net assets – end of year	<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 Functional Expenses
Year Ended December 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 318,837	\$ 9,487	\$ 125,076	\$ 453,400
Farming wages	305,559	--	--	305,559
Farm supplies and materials	274,698	--	--	274,698
Depreciation and amortization	134,910	--	--	134,910
Produce	95,741	--	--	95,741
Interest expense	71,046	--	--	71,046
Payroll taxes	55,809	848	11,179	67,836
Employee benefits	46,884	712	9,392	56,988
Professional fees	17,602	24,971	4,857	47,430
Insurance	43,411	186	2,810	46,407
School education materials	13,411	--	--	13,411
Office expense	3,699	1,727	6,468	11,894
Utilities	11,590	236	--	11,826
Advertising costs	1,986	858	5,200	8,044
Licenses and taxes	3,935	801	--	4,736
Bank charges	--	940	--	940
Dues and subscriptions	930	--	--	930
Professional development	244	--	180	424
Total expenses	<u>\$ 1,400,292</u>	<u>\$ 40,766</u>	<u>\$ 165,162</u>	<u>\$ 1,606,220</u>

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

America's Grow-A-Row
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 349,202	\$ 141,435
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	134,910	106,448
Donation of construction in process	(50,230)	--
Recognition of contribution due to forgiveness of debt	(40,000)	(40,000)
Imputed interest on long-term debt	32,639	20,067
Change in operating assets and liabilities:		
Grants and pledges receivable	(146,073)	139,867
Prepaid expenses and other assets	15,341	(13,977)
Accounts payable and accrued expenses	(2,253)	6,327
Credit cards payable	(1,304)	954
Accrued payroll and payroll taxes	1,265	311
Deferred revenue and refundable advances	<u> --</u>	<u>(6,000)</u>
Net cash provided by operating activities	293,497	355,432
Cash flows from investing activities		
Interest reinvested on certificate of deposit	(1,510)	(430)
Acquisition of property and equipment	<u>(171,445)</u>	<u>(430,228)</u>
Net cash used in investing activities	(172,955)	(430,658)
Cash flows from financing activities		
Principal repayment of long-term debt	<u>(80,603)</u>	<u>(37,752)</u>
Net cash used in financing activities	<u>(80,603)</u>	<u>(37,752)</u>
Increase (decrease) in cash	39,939	(112,978)
Cash at beginning of year	<u>576,461</u>	<u>689,439</u>
Cash at end of year	<u>\$ 616,400</u>	<u>\$ 576,461</u>
Supplementary disclosures of cash flow information		
Cash paid during the year for interest	<u>\$ 59,343</u>	<u>\$ 59,343</u>
Non-cash transactions		
Forgiveness of debt (See Note 7)	<u>\$ 40,000</u>	<u>\$ 40,000</u>
Donation of furniture, equipment and construction in process	<u>\$ 50,230</u>	<u>\$ 7,429</u>
Repayment of debt from proceeds of easement on real estate	<u>300,279</u>	<u> --</u>
Long-term debt assumed in connection with acquisition of land, property and equipment	<u>\$ --</u>	<u>\$ 560,955</u>

See Independent Auditor's Report

America's Grow-A-Row
Notes to Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018

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, 2019 and 2018.

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, 2019, \$150,000 of receivables were due within one to five years and \$79,462 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, 2019 and 2018

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 2019 and 2018, 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, 2019 and 2018 amounted to \$8,044 and \$9,142, 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, 2019 and 2018

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, 2018 have been reclassified to conform to the December 31, 2019 classifications.

Note 2 – Adoption of new accounting pronouncements

In 2019, the Organization adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), *Revenue from Contracts with Customers* (Topic 606). We have analyzed the provisions of Topic 606 and have concluded that no changes are necessary to conform with the new standard.

In 2019, the Organization adopted the provisions of ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made issued by the Financial Accounting Standards Board. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. We have analyzed the provisions of ASU 2018-08 and have concluded that no changes are necessary to conform with the new standard.

America's Grow-A-Row
Notes to Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2019</u>				
Certificate of deposit	\$ _____ --	\$ 152,893	\$ _____ --	\$ 152,893
Total	\$ _____ --	\$ 152,893	\$ _____ --	\$ 152,893
<u>December 31, 2018</u>				
Certificate of deposit	\$ _____ --	\$ 151,383	\$ _____ --	\$ 151,383
Total	\$ _____ --	\$ 151,383	\$ _____ --	\$ 151,383

America's Grow-A-Row
Notes to Financial Statements
December 31, 2019 and 2018

Note 4 – Land, property and equipment

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

	<u>2019</u>	<u>2018</u>
Land	\$ 2,595,455	\$ 2,895,735
Land improvements and outbuildings	616,538	601,263
Farm equipment	496,213	414,274
Office equipment	27,618	26,719
Database	30,964	--
Vehicles	50,850	50,850
Construction in process	<u>261,208</u>	<u>168,609</u>
Total land, property and equipment	4,078,846	4,157,450
Less: accumulated depreciation and amortization	<u>(531,837)</u>	<u>(396,977)</u>
Land, property and equipment, net	<u>\$ 3,547,009</u>	<u>\$ 3,760,473</u>

In 2019, the Organization entered into an agreement with Hunterdon County, conveying an easement on land that was purchased in 2018 to change restrict the zoning use to farming activities. The Organization received \$300,280 in exchange for this easement, which was remitted directly to the mortgage holder on this property as partial repayment of the related loan. The Organization recorded this payment as a reduction of the book value of the land.

Depreciation expense amounted to \$134,860 and \$106,398 for the years ended December 31, 2019 and 2018, respectively.

Note 5 – Intangible assets

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

	<u>2019</u>	<u>2018</u>
Trademark	\$ 750	\$ 750
Less: accumulated amortization	<u>(517)</u>	<u>(467)</u>
Intangibles assets, net	<u>\$ 233</u>	<u>\$ 283</u>

Amortization expense amounted to \$50 for each of the years ended December 31, 2019 and 2018.

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% (5.25% at December 31, 2019). There were no outstanding balances at December 31, 2019 and 2018 on this line of credit.

America's Grow-A-Row
Notes to Financial Statements
December 31, 2019 and 2018

Note 7 – Long-term debt

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

	<u>2019</u>	<u>2018</u>
Mortgage payable maturing June 2, 2025 with debt forgiveness of \$40,000 per annum accruing no interest, secured by land.	\$ 240,000	\$ 280,000
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, this mortgage requires monthly installments of \$6,632 inclusive of interest at 7% with a balloon payment in April 2023. The Organization repaid a portion of this loan, including a partial payment toward the balloon, in 2019 (Notes 4 and 14).	260,231	530,272
Mortgage payable in monthly installments of \$6,807, including interest at the bank's variable rate (4.85% at December 31, 2019). The lender returns patronage refunds annually (\$16,362 in 2019 and \$10,622 in 2018) which reduce interest expense. The loan matures on September 1, 2035 and is secured by land and the Organization's certificate of deposit.	<u>832,440</u>	<u>864,770</u>
Total long-term debt	<u>\$ 1,452,671</u>	<u>\$ 1,840,914</u>

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

2020	\$ 76,137
2021	77,929
2022	79,810
2023	342,015
2024	83,856
Thereafter	<u>792,924</u>
	<u>\$ 1,452,671</u>

America's Grow-A-Row
Notes to Financial Statements
December 31, 2019 and 2018

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, 2019, 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>2019</u>	<u>2018</u>
General operating support – subsequent years	\$ 340,000	\$ 511,000
Equipment purchases	--	3,676
Land and building improvements	<u>91,000</u>	<u>48,000</u>
Total	<u>\$ 431,000</u>	<u>\$ 562,676</u>

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>2019</u>	<u>2018</u>
Hunger relief programs	\$ --	\$ 10,000
Fresh produce initiative	--	100,000
General operating support – subsequent years	511,000	127,500
Equipment purchases	3,676	45,000
Expansion of Pennsylvania farm programs	--	62,500
Land acquisition and building improvements	48,000	234,720
Education center improvements	<u>--</u>	<u>50,985</u>
Total	<u>\$ 562,676</u>	<u>\$ 630,705</u>

America's Grow-A-Row
Notes to Financial Statements
December 31, 2019 and 2018

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, 2019:

Cash	\$ 616,400
Grants and pledges receivable	<u>229,462</u>
Total financial assets	845,862
Less those unavailable for general expenditures within one year, due to:	
Purpose restrictions by donors	(91,000)
Time restrictions by donors	<u>(150,000)</u>
	<u>\$ 604,862</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 2019, contributions from one donor totaled 18% of the Organization's total revenues and 76% of grants and pledges receivable.

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, 2019 and 2018

Note 12 – Donated produce, services and materials

Donated produce includes produce gleaned from farmland, and food donations from local supermarkets and farm market channels. The total pounds of produce donated to the Organization for the years ended December 31, 2019 and 2018 were approximately 111,327 and 116,738, respectively. The value of produce donated to the Organization was \$95,741 and \$100,394 in 2019 and 2018, respectively.

The Organization received donated services and materials including packing materials, payroll services, database services and construction services. The Organization recognized a total of \$60,796 and \$23,448 in donated services and materials for the years ended December 31, 2019 and 2018, respectively.

The Organization also receives assistance from individuals on a volunteer basis to support its activities. During the years ended December 31, 2019 and 2018, management estimates 9,000 and 8,400 individuals volunteered for the Organization and provided over 22,500 and 18,000 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:

	2019		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Barn Dinner	\$ 126,000	\$ 19,459	\$ 106,541
Pennies for Produce	283		283
Other	<u>4,002</u>	<u>4,184</u>	<u>(182)</u>
Total	<u>\$ 130,285</u>	<u>\$ 23,643</u>	<u>\$ 106,642</u>
	2018		
	<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>
Total	<u>\$ 171,053</u>	<u>\$ 60,282</u>	<u>\$ 110,771</u>

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Note 14 – Subsequent events

In 2020, the Organization formed a wholly-owned subsidiary for the purpose of assuming the assets and operating activities of Valley Crest Farm & Preserve. This acquisition was not yet completed as of April 2, 2020.

The Organization has a mortgage payable in initial monthly installments of \$200 with no interest and monthly installments of \$6,632 inclusive of interest at 7% beginning in May 2020. In February 2020, the mortgage holders agreed to extend this date to August 2020. A subsequent agreement is expected to be executed which would further extend this date to December 2020.

In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic. This pandemic event has resulted in significant business disruption and uncertainty in both global and US markets. The Organization, like any other entities, is dependent upon sustained donor and volunteer support. While management believes the Organization is in an appropriate position to weather the potential short-term effects of these world-wide events, the direct and long-term impact to the Organization and its financial statements is undetermined at this time.

The Organization has evaluated subsequent events through April 2, 2020, which is the date the financial statements were issued.

America's Grow-A-Row
Schedules of Donated Services and Materials
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Produce	\$ 95,741	\$ 100,394
Land improvements and outbuildings	50,230	7,429
Farm supplies and materials	9,000	13,660
Professional fees	--	758
Special event supplies	1,566	1,311
Software licenses	<u> --</u>	<u> 300</u>
Total	<u><u>\$ 156,537</u></u>	<u><u>\$ 123,852</u></u>