

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**America's Grow-A-Row and Subsidiary**  
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**December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of America's Grow-A-Row (a not-for-profit corporation), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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## **INDEPENDENT AUDITOR'S REPORT (continued)**

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of America's Grow-A-Row and Subsidiary as of December 31, 2020 and 2019, 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 consolidated financial statements as a whole. The accompanying supplementary schedules of donated services and materials for the years ended December 31, 2020 and 2019 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, accordingly, we do not express an opinion or any other assurance on it.

Lear & Pannepacker, LLP

Princeton, New Jersey

April 14, 2021



**America's Grow-A-Row and Subsidiary**  
**Consolidated Statements of Financial Position**  
**December 31, 2020 and 2019**

<b>Assets</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Cash	\$ 1,217,569	\$ 616,400
Certificate of deposit	--	152,893
Grants and pledges receivable	194,228	229,462
Prepaid expenses and other assets	36,679	24,069
Land, property and equipment, net	5,322,330	3,547,009
Intangible assets, net	<u>183</u>	<u>233</u>
<b>Total assets</b>	<b><u>\$ 6,770,989</u></b>	<b><u>\$ 4,570,066</u></b>
 <b>Liabilities and net assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 23,513	\$ 23,437
Credit cards payable	--	173
Accrued payroll and payroll taxes	30,636	15,203
Long-term debt	<u>1,399,947</u>	<u>1,452,671</u>
Total liabilities	<u>1,454,096</u>	<u>1,491,484</u>
Net assets		
Without donor restrictions	5,037,140	2,647,582
With donor restrictions	<u>279,753</u>	<u>431,000</u>
Total net assets	<u>5,316,893</u>	<u>3,078,582</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 6,770,989</u></b>	<b><u>\$ 4,570,066</u></b>

*See notes to consolidated financial statements*

**America's Grow-A-Row and Subsidiary**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2020**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 1,375,922	\$ 279,753	\$ 1,655,675
Contribution - Valley Crest (Note 2)	2,153,584	--	2,153,584
Donated produce, net of costs	54,282	--	54,282
Special events, net	60,852	--	60,852
Contribution - mortgage forgiveness	40,000	--	40,000
Program income	131,877	--	131,877
Donated services and materials	50,000	-	50,000
Paycheck Protection Program	157,540	--	157,540
Other income	6,538	--	6,538
Interest income	<u>5,432</u>	<u>--</u>	<u>5,432</u>
	4,036,027	279,753	4,315,780
Net assets released from restrictions	<u>431,000</u>	<u>( 431,000)</u>	<u>--</u>
Total support and revenue	4,467,027	( 151,247)	4,315,780
<b>Expenses</b>			
Program services	1,716,584	--	1,716,584
Management and general	187,794	--	187,794
Fundraising	<u>173,091</u>	<u>--</u>	<u>173,091</u>
Total expenses	<u>2,077,469</u>	<u>--</u>	<u>2,077,469</u>
<b>Change in net assets</b>	2,389,558	( 151,247)	2,238,311
<b>Net assets – beginning of year</b>	<u>2,647,582</u>	<u>431,000</u>	<u>3,078,582</u>
<b>Net assets – end of year</b>	<u>\$ 5,037,140</u>	<u>\$ 279,753</u>	<u>\$ 5,316,893</u>

See notes to consolidated financial statements

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
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
<b>Expenses</b>			
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>
<b>Change in net assets</b>	480,878	( 131,676)	349,202
<b>Net assets – beginning of year</b>	<u>2,166,704</u>	<u>562,676</u>	<u>2,729,380</u>
<b>Net assets – end of year</b>	<u>\$ 2,647,582</u>	<u>\$ 431,000</u>	<u>\$ 3,078,582</u>

See notes to consolidated financial statements

**America's Grow-A-Row and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	<b><u>Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Salaries	\$ 444,843	\$ 39,657	\$ 138,801	\$ 623,301
Farm supplies and materials	373,056	1,029	--	374,085
Farming wages	368,135	--	--	368,135
Depreciation and amortization	210,959	--	--	210,959
Professional fees	11,278	133,556	3,679	148,513
Payroll taxes	71,281	3,477	12,170	86,928
Produce	54,282	--	--	54,282
Insurance	49,644	1,735	2,372	53,751
Interest expense	48,595	--	--	48,595
Employee benefits	38,955	1,900	6,651	47,506
Utilities	17,380	--	--	17,380
Office expense	5,279	1,877	5,750	12,906
Licenses and taxes	11,936	533	100	12,569
Advertising costs	6,972	10	3,568	10,550
Bank charges	--	3,836	--	3,836
School education materials	2,182	--	--	2,182
Dues and subscriptions	1,010	--	--	1,010
Professional development	475	130	--	605
Travel	322	54	--	376
<b>Total expenses</b>	<b><u>\$ 1,716,584</u></b>	<b><u>\$ 187,794</u></b>	<b><u>\$ 173,091</u></b>	<b><u>\$ 2,077,469</u></b>

See independent auditor's report



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

See independent auditor's report

**America's Grow-A-Row and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 2,238,311	\$ 349,202
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	210,959	134,910
Donation of property and equipment	( 1,752,800)	( 50,230)
Recognition of contribution due to forgiveness of debt	( 40,000)	( 40,000)
Imputed interest on long-term debt	15,983	32,639
Loss on disposal of assets	2,202	-
Change in operating assets and liabilities:		
Grants and pledges receivable	35,234	( 146,073)
Prepaid expenses and other assets	( 12,610)	15,341
Accounts payable and accrued expenses	76	( 2,253)
Credit cards payable	( 173)	( 1,304)
Accrued payroll and payroll taxes	<u>15,433</u>	<u>1,265</u>
Net cash provided by operating activities	712,615	293,497
<b>Cash flows from investing activities</b>		
Interest reinvested on certificate of deposit	( 2,124)	( 1,510)
Acquisition of property and equipment	( 235,632)	( 171,445)
Maturity of certificate of deposit	<u>155,017</u>	<u>--</u>
Net cash used in investing activities	( 82,739)	( 172,955)
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	10,000	--
Principal repayment of long-term debt	<u>( 38,707)</u>	<u>( 80,603)</u>
Net cash used in financing activities	<u>( 28,707)</u>	<u>( 80,603)</u>
<b>Increase in cash</b>	601,169	39,939
<b>Cash at beginning of year</b>	<u>616,400</u>	<u>576,461</u>
<b>Cash at end of year</b>	<u>\$ 1,217,569</u>	<u>\$ 616,400</u>
<b>Supplementary disclosures of cash flow information</b>		
Cash paid during the year for interest	<u>\$ 32,612</u>	<u>\$ 59,343</u>
<b>Non-cash transactions</b>		
Forgiveness of debt (See Note 8)	<u>\$ 40,000</u>	<u>\$ 40,000</u>
Donation of property, equipment and construction in process	<u>\$ 1,752,800</u>	<u>\$ 50,230</u>
Repayment of debt from proceeds of easement on real estate	<u>-</u>	<u>300,279</u>

See independent auditor's report

**America's Grow-A-Row and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

**Note 1 – Summary of significant accounting policies**

Significant accounting policies followed by America's Grow-A-Row and Subsidiary in the preparation of the accompanying consolidated 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.

The Organization's subsidiary operates America's Grow-A-Row at Valley Crest Farm & Preserve in Lebanon, New Jersey, which grows and donates fresh produce to help people in need and maintains its farm and forest for education and recreation.

***Basis of presentation***

In 2020, the Board of Directors of the Organization formed AGAR Holdings at Valley Crest, LLC ("Valley Crest") for the purpose of holding certain assets donated by Valley Crest Farm & Preserve Inc. (Note 2). The Organization is the sole member of Valley Crest. Accordingly, the accounts of Valley Crest have been consolidated, as required by accounting principles generally accepted in the United States of America (U.S. GAAP). All significant inter-organization balances and transactions were eliminated in consolidation.

The consolidated financial statements of America's Grow-A-Row have been prepared on the accrual basis of accounting in accordance with U.S. GAAP. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

**America's Grow-A-Row and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

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

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

***Net assets with donor 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.

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 the Organization 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 consolidated 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, 2020 and 2019.

***Certificate of deposit***

A certificate of deposit with an initial maturity longer than three months is classified separately from cash on the accompanying consolidated financial statements. This certificate of deposit has a fair value that approximates its cost. This investment matured in 2020.

***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, 2020, all amounts are due within one year.

**America's Grow-A-Row and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

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

***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 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 2020 and 2019, the Organization valued donated produce at \$0.80 and \$0.86 per pound respectively.

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 consolidated financial statements since they do not meet the criteria for recognition under U.S. GAAP.

**America's Grow-A-Row and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

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

***Advertising***

The Organization expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2020 and 2019 amounted to \$10,550 and \$8,044, 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.

***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 consolidated 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.

**Note 2 – Valley Crest Farm & Preserve**

In April 2020, the Board of Directors of the Organization agreed to assume the operations of Valley Crest Farm & Preserve Inc. In connection with the assumption of their operations, Valley Crest Farm & Preserve Inc. transferred assets (net of liabilities) with a fair value of \$2,153,584 to the Organization. The fair value of real property was determined based on current appraisals of the properties. A breakdown of assets acquired is as follows:

**America's Grow-A-Row and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

**Note 2 – Valley Crest Farm & Preserve (continued)**

Land and buildings	\$ 1,428,000
Land and buildings - rental property	244,500
Farm equipment	80,300
Security deposits assumed	(3,500)
Cash	<u>404,284</u>
	<u>\$ 2,153,584</u>

The Organization has certain short-term licensing and lease agreements for use of the facilities at Valley Crest. These fees are included in program income in the accompanying financial statements.

**Note 3 – 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.

**Note 4 – 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.

**America's Grow-A-Row and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

**Note 4 – Fair value measurements (continued)**

The following table sets forth, by level, the Organization's investments at fair value, within the fair value hierarchy as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	\$ <u>          </u> --	\$ <u>152,893</u>	\$ <u>          </u> --	\$ <u>152,893</u>
<b>Total</b>	<b>\$ <u>          </u> --</b>	<b>\$ <u>152,893</u></b>	<b>\$ <u>          </u> --</b>	<b>\$ <u>152,893</u></b>

**Note 5 – Land, property and equipment**

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

	<u>2020</u>	<u>2019</u>
Land	\$ 3,369,246	\$ 2,595,455
Land improvements and outbuildings	1,903,632	616,538
Farm equipment	681,365	496,213
Office equipment	27,618	27,618
Database	30,965	30,964
Vehicles	50,850	50,850
Construction in process	<u>          </u> --	<u>261,208</u>
Total land, property and equipment	6,063,676	4,078,846
Less: accumulated depreciation and amortization	<u>( 741,346)</u>	<u>( 531,837)</u>
<b>Land, property and equipment, net</b>	<b>\$ <u>5,322,330</u></b>	<b>\$ <u>3,547,009</u></b>

In 2019, the Organization entered into an agreement with Hunterdon County, conveying an easement on land that was purchased in 2018 to 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.

In 2020, in connection with the formation of Valley Crest, the Organization received a donation of farm land, buildings and equipment. The fair market value of the property and equipment contributed was \$1,752,800 and was capitalized.

Depreciation expense amounted to \$210,909 and \$134,860 for the years ended December 31, 2020 and 2019, respectively.



**America's Grow-A-Row and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

**Note 6 – Intangible assets**

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

	<u>2020</u>	<u>2019</u>
Trademark	\$ 750	\$ 750
Less: accumulated amortization	( 567)	( 517)
<b>Intangibles assets, net</b>	<b><u>\$ 183</u></b>	<b><u>\$ 233</u></b>

Amortization expense amounted to \$50 for each of the years ended December 31, 2020 and 2019.

**Note 7 – 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% (3.75% at December 31, 2020). There were no outstanding balances at December 31, 2020 and 2019 on this line-of-credit.

**Note 8 – Long-term debt**

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

	<u>2020</u>	<u>2019</u>
Mortgage payable maturing June 2, 2025 with debt forgiveness of \$40,000 per annum accruing no interest, secured by land.	\$ 200,000	\$ 240,000
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
Mortgage payable in monthly installments of \$200 with no interest through May 2021. Interest for this period was imputed at 6%. Beginning in June 2021 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 (Note 5).	273,815	260,231

**America's Grow-A-Row and Subsidiary**  
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**Note 8 – Long-term debt (continued)**

Mortgage payable in monthly installments of \$6,349, including interest at the bank's variable rate (4.85% at December 31, 2020). The lender returns patronage refunds annually (\$13,110 in 2020 and \$16,932 in 2019) which reduce interest expense. The loan matures on September 1, 2035 and is secured by land and the Organization's certificate of deposit.	796,133	832,440
SBA loan payable in monthly installments of \$634 including interest at 1% per annum. The loan is expected to be forgiven in 2021.	<u>10,000</u>	<u>-</u>
<b>Total long-term debt</b>	<b><u>\$ 1,399,948</u></b>	<b><u>\$ 1,452,671</u></b>

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

2021	\$ 115,703
2022	147,361
2023	254,627
2024	81,784
2025	203,856
Thereafter	<u>596,617</u>
	<b><u>\$ 1,399,948</u></b>

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, 2020, the Organization was in compliance with these requirements.

**America's Grow-A-Row and Subsidiary**  
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**Note 9 – Net assets with donor restrictions**

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

	<u>2020</u>	<u>2019</u>
General operating support – subsequent years	\$ 264,500	\$ 340,000
Land and building improvements	<u>15,253</u>	<u>91,000</u>
<b>Total</b>	<b>\$ <u>279,753</u></b>	<b>\$ <u>431,000</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>2020</u>	<u>2019</u>
General operating support – subsequent years	\$ 340,000	\$ 511,000
Equipment purchases	--	3,676
Land acquisition and building improvements	<u>91,000</u>	<u>48,000</u>
<b>Total</b>	<b>\$ <u>431,000</u></b>	<b>\$ <u>562,676</u></b>

**Note 10 – 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. The Organization also 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, 2020:

Cash	\$ 1,217,569
Grants and pledges receivable	<u>194,228</u>
Total financial assets	1,411,797
Less those unavailable for general expenditures within one year, due to:	
Purpose restrictions by donors	( 15,253)
Time restrictions by donors	<u>( 264,500)</u>
	<b>\$ <u>1,132,044</u></b>

**America's Grow-A-Row and Subsidiary**  
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**Note 11 – Employee benefit plan**

In 2020, the Organization established a SIMPLE-IRA plan covering all eligible employees. The plan is effective January 1, 2021. Employees may contribute up to the maximum permitted by law. The Organization will make a matching contribution of 100% of employee contributions, up to 3% of employee compensation.

**Note 12 – 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.

**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 consolidated financial statements.

**Note 14 – 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 to the Organization for the years ended December 31, 2020 and 2019 were approximately 67,852 and 111,327, respectively. The lower volume in 2020 was due to less fruit available to glean from "You Pick" farms which experienced increased demand from customers seeking an outdoor activity during the pandemic. The value of produce donated to the Organization was \$54,282 and \$95,741 in 2020 and 2019, respectively.

The Organization received donated services and materials including packing materials, CFO services, and construction services. The Organization recognized a total of \$50,000 and \$60,796 in donated services and materials for the years ended December 31, 2020 and 2019, respectively.

The Organization also receives assistance from individuals on a volunteer basis to support its activities. During the years ended December 31, 2020 and 2019, management estimates 1,100 and 9,000 individuals volunteered for the Organization and provided over 8,000 and 22,500 hours of their time, respectively, to carry out the various programs and fundraising activities of the Organization. In 2020 the Organization had a significant decline in volunteers due to COVID-19. In accordance with U.S. GAAP, the value of the contributed time is not reflected on the accompanying consolidated financial statements.

**America's Grow-A-Row and Subsidiary**  
**Notes to Consolidated Financial Statements**  
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**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. In 2020, the event was cancelled due to COVID-19, however, donors agreed to let the Organization keep amounts paid for the event as unrestricted donations and received public acknowledgement as sponsors of the Organization. Revenue and expenses from special events consist of the following:

	<b>2020</b>		
	<b><u>Revenues</u></b>	<b><u>Expenses</u></b>	<b><u>Net</u></b>
Barn Dinner	\$ 59,500	\$ 540	\$ 58,960
Other	1,539	--	1,539
Pennies for Produce	<u>353</u>	<u>--</u>	<u>353</u>
<b>Total</b>	<b><u>\$ 61,392</u></b>	<b><u>\$ 540</u></b>	<b><u>\$ 60,852</u></b>
	<b>2019</b>		
	<b><u>Revenues</u></b>	<b><u>Expenses</u></b>	<b><u>Net</u></b>
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>
<b>Total</b>	<b><u>\$ 130,285</u></b>	<b><u>\$ 23,643</u></b>	<b><u>\$ 106,642</u></b>

**Note 16 – COVID 19**

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 U.S. 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 consolidated financial statements is undetermined at this time.

In April 2020, the Organization received a loan of \$157,540, which is guaranteed by the U.S. Small Business Administration (SBA) under the Paycheck Protection Program (PPP). This loan is forgivable when the Organization expends the funds for allowable expenses as defined by the PPP. The loan was fully forgiven in year end 2020 with exception to the \$10,000 EIDL grant, as discussed in the following paragraph, and is included in support and revenue in the accompanying consolidated financial statements for the year ended December 31, 2020. The remaining \$10,000 is expected to be forgiven in 2021 in accordance with the terms of the PPP.

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**Note 16 – COVID 19 (continued)**

In April 2020, the Organization received a \$10,000 grant under the SBA's Economic Injury Disaster Loan (EIDL) program. This is included in other revenue in the accompanying consolidated financial statements for the year ended December 31, 2020. Under the terms of this grant, the forgivable portion of the PPP loan was reduced by this grant, however, subsequently, this became forgivable by the SBA.

**Note 17 - Subsequent events**

The Organization has evaluated subsequent events through April 14, 2021, which is the date the consolidated financial statements were issued.

**America's Grow-A-Row and Subsidiary  
Schedules of Donated Services and Materials  
Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Produce	\$ 54,282	\$ 95,741
Land improvements and outbuildings	--	50,230
Farm supplies and materials	--	9,000
Professional fees	50,000	--
Special event supplies	<u>--</u>	<u>1,566</u>
<b>Total</b>	<b><u>\$ 104,282</u></b>	<b><u>\$ 156,537</u></b>