

AMERICA'S GROW-A-ROW AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

America's Grow-A-Row and Subsidiary
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December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of America's Grow-A-Row and Subsidiary (a not-for-profit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of America's Grow-A-Row and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about America's Grow-A-Row and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 America's Grow-A-Row and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about America's Grow-A-Row and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Supplementary Information

We were engaged for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The accompanying supplementary consolidated schedules of donated services and materials are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplementary schedules referred to above.

Lear & Pannepacker, LLP

Princeton, New Jersey

April 7, 2022



Accountants and Advisors for Entrepreneurial Minds

America's Grow-A-Row and Subsidiary
Consolidated Statements of Financial Position
December 31, 2021 and 2020

Assets	<u>2021</u>	<u>2020</u>
Cash	\$ 1,260,258	\$ 1,217,569
Grants and pledges receivable	87,115	194,228
Prepaid expenses and other assets	11,138	36,679
Land, property and equipment, net	5,065,347	5,322,330
Intangible assets, net	<u>133</u>	<u>183</u>
Total assets	<u>\$ 6,423,991</u>	<u>\$ 6,770,989</u>
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 43,215	\$ 23,513
Accrued payroll and payroll taxes	34,222	30,636
Long-term debt	<u>1,037,748</u>	<u>1,399,947</u>
Total liabilities	1,115,185	1,454,096
Net assets		
Without donor restrictions	5,015,900	5,037,140
With donor restrictions	<u>292,906</u>	<u>279,753</u>
Total net assets	<u>5,308,806</u>	<u>5,316,893</u>
Total liabilities and net assets	<u>\$ 6,423,991</u>	<u>\$ 6,770,989</u>

See notes to consolidated financial statements

America's Grow-A-Row and Subsidiary
Consolidated Statement of Activities
Year Ended December 31, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 1,565,920	\$ 292,906	\$ 1,858,826
Donated produce, net of costs	196,013	--	196,013
Special events, net	95,346	--	95,346
Contribution - mortgage forgiveness	40,000	--	40,000
Program income	242,887	--	242,887
Donated services and materials	141,390	--	141,390
PPP loan forgiveness	10,000	--	10,000
Other income	3,981	--	3,981
Loss on sale of assets	(28,419)	--	(28,419)
Interest income	<u>1,386</u>	<u>--</u>	<u>1,386</u>
	2,268,504	292,906	2,561,410
Net assets released from restrictions	<u>279,753</u>	<u>(279,753)</u>	<u>--</u>
Total support and revenue	2,548,257	13,153	2,561,410
Expenses			
Program services	2,187,810	--	2,187,810
Management and general	170,988	--	170,988
Fundraising	<u>210,699</u>	<u>--</u>	<u>210,699</u>
Total expenses	<u>2,569,497</u>	<u>--</u>	<u>2,569,497</u>
Change in net assets	(21,240)	13,153	(8,087)
Net assets – beginning of year	<u>5,037,140</u>	<u>279,753</u>	<u>5,316,893</u>
Net assets – end of year	<u>\$ 5,015,900</u>	<u>\$ 292,906</u>	<u>\$ 5,308,806</u>

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>
Support and revenue			
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
PPP loan forgiveness	147,540	--	147,540
EIDL grant	10,000	--	10,000
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
Expenses			
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>
Change in net assets	2,389,558	(151,247)	2,238,311
Net assets – beginning of year	<u>2,647,582</u>	<u>431,000</u>	<u>3,078,582</u>
Net assets – end of year	<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 Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 520,639	\$ 44,816	\$ 156,855	\$ 722,310
Farm supplies and materials	432,821	3,485	--	436,306
Farming wages	398,084	--	--	398,084
Depreciation and amortization	240,077	6,588	--	246,665
Produce	196,013	--	--	196,013
Professional fees	70,629	96,560	7,088	174,277
Payroll taxes	82,415	4,020	14,071	100,506
Insurance	84,290	1,913	867	87,070
Employee benefits	70,302	3,429	12,003	85,734
Interest expense	31,332	--	--	31,332
Utilities	20,792	2,488	--	23,280
Licenses and taxes	17,923	1,043	100	19,066
Office expense	3,565	3,302	9,251	16,118
School education materials	14,949	--	--	14,949
Advertising costs	1,534	700	10,385	12,619
Bank charges	--	2,093	14	2,107
Travel	1,470	33	--	1,503
Dues and subscriptions	930	485	--	1,415
Professional development	<u>45</u>	<u>33</u>	<u>65</u>	<u>143</u>
Total expenses	<u>\$ 2,187,810</u>	<u>\$ 170,988</u>	<u>\$ 210,699</u>	<u>\$ 2,569,497</u>

See notes to consolidated financial statements

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

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

See notes to consolidated financial statements

America's Grow-A-Row and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$(8,087)	\$ 2,238,311
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of Paycheck Protection Program loan	(10,000)	(147,540)
Depreciation and amortization	246,665	210,959
Donation of property and equipment	(19,445)	(1,752,800)
Recognition of contribution due to forgiveness of debt	(40,000)	(40,000)
Imputed interest on long-term debt	--	15,983
Loss on disposal of assets	28,419	2,202
Change in operating assets and liabilities:		
Grants and pledges receivable	107,113	35,234
Prepaid expenses and other assets	25,541	(12,610)
Accounts payable and accrued expenses	19,702	76
Credit cards payable	--	(173)
Accrued payroll and payroll taxes	<u>3,586</u>	<u>15,433</u>
Net cash provided by operating activities	353,494	565,075
Cash flows from investing activities		
Interest reinvested on certificate of deposit	--	(2,124)
Acquisition of property and equipment	(201,375)	(235,632)
Maturity of certificate of deposit	<u>--</u>	<u>155,017</u>
Net cash used in investing activities	(201,375)	(82,739)
Cash flows from financing activities		
Proceeds from sale of assets, net of expenses	202,769	--
Proceeds from Paycheck Protection Program loan	--	157,540
Principal repayment of long-term debt	<u>(312,199)</u>	<u>(38,707)</u>
Net cash provided by (used in) financing activities	<u>(109,430)</u>	<u>118,833</u>
Increase in cash	42,689	601,169
Cash at beginning of year	<u>1,217,569</u>	<u>616,400</u>
Cash at end of year	<u>\$ 1,260,258</u>	<u>\$ 1,217,569</u>
Supplementary disclosures of cash flow information		
Cash paid during the year for interest	<u>\$ 31,332</u>	<u>\$ 32,612</u>
Non-cash transactions		
Forgiveness of debt (See Note 6)	<u>\$ 40,000</u>	<u>\$ 40,000</u>
Donation of property, equipment and construction in process	<u>\$ 19,445</u>	<u>\$ 1,752,800</u>

See notes to consolidated financial statements

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020

Note 1 – Summary of significant accounting policies (continued)

Basis of presentation (continued)

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

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, 2021 and 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, 2021 and 2020, all amounts are due within one year.

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

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 and accumulated depreciation are 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 2021 and 2020, the Organization valued donated produce at \$0.74 and \$0.80 per pound respectively.

Donated services are recognized as contributions if the services create or enhance non-financial assets or 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, 2021 and 2020

Note 1 – Summary of significant accounting policies (continued)

Advertising

The Organization expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2021 and 2020 amounted to \$12,619 and \$10,550, 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. Expenses that are allocated include salaries, professional fees, insurance, and related expenses, which are allocated on the basis of estimates of time and efforts. Other costs are allocated based upon direct cost method and historical percentages,

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.

Reclassifications

Certain amounts previously reported in the financial statements for the year ended December 31, 2020 have been reclassified to conform to the December 31, 2021 classifications.

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

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:

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 – Land, property and equipment

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

	<u>2021</u>	<u>2020</u>
Land	\$ 3,253,157	\$ 3,383,548
Land improvements and outbuildings	1,935,529	1,889,330
Farm equipment	735,677	681,365
Office equipment	27,618	27,618
Database	30,965	30,965
Vehicles	<u>57,050</u>	<u>50,850</u>
Total land, property and equipment	6,039,996	6,063,676
Less: accumulated depreciation and amortization	<u>(974,649)</u>	<u>(741,346)</u>
Land, property and equipment, net	<u>\$ 5,065,347</u>	<u>\$ 5,322,330</u>

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 \$246,615 and \$210,909 for the years ended December 31, 2021 and 2020, respectively.

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 4 – Intangible assets

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

	<u>2021</u>	<u>2020</u>
Trademark	\$ 750	\$ 750
Less: accumulated amortization	(617)	(567)
Intangibles assets, net	\$ <u>133</u>	\$ <u>183</u>

Amortization expense amounted to \$50 for each of the years ended December 31, 2021 and 2020.

Note 5 – 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, 2021). There were no outstanding balances at December 31, 2021 and 2020 on this line-of-credit.

Note 6 – Long-term debt

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

	<u>2021</u>	<u>2020</u>
Mortgage payable maturing June 2, 2025 with debt forgiveness of \$40,000 per annum accruing no interest, secured by land.	\$ 160,000	\$ 200,000
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 August 2021. Interest for this period was imputed at 6%. The Organization paid the outstanding balance in August 2021.	--	273,814

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 6 – 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, 2021). The loan matures on September 1, 2035 and is secured by land.

757,748 796,133

SBA loan payable in monthly installments of \$634 including interest at 1% per annum. The loan was forgiven in March 2021.

 -- 10,000

Total long-term debt

\$ 1,037,748 **\$ 1,399,947**

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

2022	\$	79,810
2023		81,784
2024		83,856
2025		206,031
2026		48,314
Thereafter		<u>537,953</u>
		<u>\$ 1,037,748</u>

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, 2021, the Organization was in compliance with these requirements.

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 7 – Net assets with donor restrictions

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

	<u>2021</u>	<u>2020</u>
Fresh produce initiative	\$ 216,406	\$ --
General operating support – subsequent years	38,500	264,500
Equipment purchases	38,000	--
Land and building improvements	<u> --</u>	<u>15,253</u>
Total	<u>\$ 292,906</u>	<u>\$ 279,753</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>2021</u>	<u>2020</u>
General operating support – subsequent years	\$ 264,500	\$ 340,000
Land and building improvements	<u>15,253</u>	<u>91,000</u>
Total	<u>\$ 279,753</u>	<u>\$ 431,000</u>

Note 8 – 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,260,258	\$ 1,217,569
Grants and pledges receivable	<u>87,115</u>	<u>194,228</u>
Total financial assets	1,347,373	1,411,797
Less those unavailable for general expenditures within one year, due to:		
Purpose restrictions by donors	(254,406)	(15,253)
Time restrictions by donors	<u>(38,500)</u>	<u>(264,500)</u>
Total financial assets available for general expenditures within one year	<u>\$ 1,054,467</u>	<u>\$ 1,132,044</u>

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 9 – 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.

Employer contributions totaled \$24,827 and is included in employee benefits in the accompanying consolidated financial statements for the year ended December 31, 2021.

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 Federal Deposit Insurance Corporation (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 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 consolidated financial statements.

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, 2021 and 2020 were approximately 264,544 and 67,852, 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 \$196,013 and \$54,282 in 2021 and 2020, respectively.

The Organization received donated services and materials including packing materials, CFO services, and construction services. The Organization recognized a total of \$141,390 and \$50,000 in donated services and materials for the years ended December 31, 2021 and 2020, respectively.

The Organization also receives assistance from individuals on a volunteer basis to support its activities. During the years ended December 31, 2021 and 2020, management estimates 4,550 and 1,100 individuals volunteered for the Organization and provided over 17,000 and 8,000 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
December 31, 2021 and 2020

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. 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 for the years ended December 31:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
<u>2021</u>			
Barn Dinner	\$ 90,047	\$ 1,515	\$ 88,532
Other	4,807	--	4,807
Pennies for Produce	<u>2,007</u>	<u>--</u>	<u>2,007</u>
Total	<u>\$ 96,861</u>	<u>\$ 1,515</u>	<u>\$ 95,346</u>
<u>2020</u>			
Barn Dinner	\$ 59,500	\$ 540	\$ 58,960
Other	1,539	--	1,539
Pennies for Produce	<u>353</u>	<u>--</u>	<u>353</u>
Total	<u>\$ 61,392</u>	<u>\$ 540</u>	<u>\$ 60,852</u>

Note 14 – 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 was included in support and revenue in the accompanying consolidated financial statements for the year ended December 31, 2020. The remaining \$10,000 was forgiven in 2021 in accordance with the terms of the PPP and is included in support and revenue in the accompanying consolidated financial statements for the year ended December 31, 2021.

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 14 – COVID 19 (continued)

In April 2020, the Organization received a \$10,000 grant under the SBA's Economic Injury Disaster Loan (EIDL) program. This grant is included in support and revenue in the accompanying consolidated financial statements for the year ended December 31, 2020.

Note 15 – Subsequent events

The Organization has evaluated subsequent events through April 7, 2022, which is the date the consolidated financial statements were issued.

America's Grow-A-Row and Subsidiary
Consolidated Schedules of Donated Services and Materials
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Produce	\$ 196,013	\$ 54,282
Professional fees	112,045	50,000
Property and equipment	19,445	--
Equipment rental	<u>9,900</u>	<u>--</u>
Total	<u>\$ 337,403</u>	<u>\$ 104,282</u>