

AMERICA'S GROW-A-ROW AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

America's Grow-A-Row and Subsidiary
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December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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 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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INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the 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.

Lear & Pannepacker, LLP

Princeton, New Jersey

April 5, 2023



America's Grow-A-Row and Subsidiary
Consolidated Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 1,535,427	\$ 1,260,258
Grants and pledges receivable	421,897	87,115
Prepaid expenses and other assets	7,785	11,415
Land, property and equipment, net	5,222,388	5,065,347
Intangible assets, net	<u>83</u>	<u>133</u>
Total assets	<u>\$ 7,187,580</u>	<u>\$ 6,424,268</u>
 Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 28,007	\$ 43,492
Accrued payroll and payroll taxes	44,979	34,222
Long-term debt	<u>957,463</u>	<u>1,037,748</u>
Total liabilities	1,030,449	1,115,462
 Net assets		
Without donor restrictions	5,631,864	5,015,900
With donor restrictions	<u>525,267</u>	<u>292,906</u>
Total net assets	<u>6,157,131</u>	<u>5,308,806</u>
Total liabilities and net assets	<u>\$ 7,187,580</u>	<u>\$ 6,424,268</u>

See notes to consolidated financial statements

America's Grow-A-Row and Subsidiary
Consolidated Statement of Activities
Year Ended December 31, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Grants and contributions of financial assets:			
Contributions	\$ 2,325,675	\$ 525,267	\$ 2,850,942
Contribution - mortgage forgiveness	40,000	--	40,000
Special events, net	200,658	--	200,658
Contributions of nonfinancial assets:			
Donated produce, net of costs	180,834	--	180,834
Donated services and materials	157,191	--	157,191
Program income	239,776	--	239,776
Gain on sale of assets	49,063	--	49,063
Other income	5,644	--	5,644
Interest income	<u>742</u>	<u>--</u>	<u>742</u>
	3,199,583	525,267	3,724,850
Net assets released from restrictions	<u>292,906</u>	<u>(292,906)</u>	<u>--</u>
Total revenues, gains and other support	3,492,489	232,361	3,724,850
Expenses			
Program services	2,518,118	--	2,518,118
Management and general	168,262	--	168,262
Fundraising	<u>190,145</u>	<u>--</u>	<u>190,145</u>
Total expenses	<u>2,876,525</u>	<u>--</u>	<u>2,876,525</u>
Change in net assets	615,964	232,361	848,325
Net assets – beginning of year	<u>5,015,900</u>	<u>292,906</u>	<u>5,308,806</u>
Net assets – end of year	<u>\$ 5,631,864</u>	<u>\$ 525,267</u>	<u>\$ 6,157,131</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>
Revenues, gains and other support			
Grants and contributions of financial assets:			
Contributions	\$ 1,565,920	\$ 292,906	\$ 1,858,826
Contribution - mortgage forgiveness	40,000	--	40,000
PPP loan forgiveness	10,000	--	10,000
Special events, net	95,346	--	95,346
Contributions of nonfinancial assets:			
Donated produce, net of costs	196,013	--	196,013
Donated services and materials	141,390	--	141,390
Program income	242,887	--	242,887
Other income	3,981	--	3,981
Interest income	1,386	--	1,386
Loss on sale of assets	<u>(28,419)</u>	<u>--</u>	<u>(28,419)</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 revenues, gains and other support	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 Functional Expenses
Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 666,681	\$ 32,923	\$ 123,459	\$ 823,063
Farm supplies and materials	560,031	673	--	560,704
Farming wages	378,860	--	--	378,860
Depreciation and amortization	255,900	5,222	--	261,122
Professional fees	101,136	101,351	7,347	209,834
Produce	183,234	--	--	183,234
Employee benefits	97,349	4,807	18,028	120,184
Payroll taxes	89,137	4,402	16,507	110,046
Insurance	69,347	987	605	70,939
Office expense	11,846	8,127	11,656	31,629
Interest expense	28,544	--	--	28,544
Utilities	25,862	2,488	--	28,350
School education materials	21,254	--	--	21,254
Advertising costs	6,858	1,291	12,457	20,606
Licenses and taxes	16,149	766	--	16,915
Travel	2,918	2,054	--	4,972
Bank charges	--	3,070	--	3,070
Dues and subscriptions	1,655	--	--	1,655
Professional development	<u>1,357</u>	<u>101</u>	<u>86</u>	<u>1,544</u>
 Total expenses	 <u>\$ 2,518,118</u>	 <u>\$ 168,262</u>	 <u>\$ 190,145</u>	 <u>\$ 2,876,525</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
Professional fees	70,629	96,560	7,088	174,277
Produce	193,525	2,488	--	196,013
Employee benefits	70,302	3,429	12,003	85,734
Payroll taxes	82,415	4,020	14,071	100,506
Insurance	84,290	1,913	867	87,070
Office expense	3,565	3,302	9,251	16,118
Interest expense	31,332	--	--	31,332
Utilities	23,280	--	--	23,280
School education materials	14,949	--	--	14,949
Advertising costs	1,534	700	10,385	12,619
Licenses and taxes	17,923	1,043	100	19,066
Travel	1,470	33	--	1,503
Bank charges	--	2,093	14	2,107
Dues and subscriptions	930	485	--	1,415
Professional development	45	33	65	143
	<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 Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 848,325	\$(8,087)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of Paycheck Protection Program loan	--	(10,000)
Depreciation and amortization	261,122	246,665
Donation of property and equipment	--	(19,445)
Recognition of contribution due to forgiveness of debt	(40,000)	(40,000)
(Gain) loss on disposal of assets	(49,063)	28,419
Change in operating assets and liabilities:		
Grants and pledges receivable	(334,782)	107,113
Prepaid expenses and other assets	3,630	25,145
Accounts payable and accrued expenses	(15,485)	20,098
Accrued payroll and payroll taxes	<u>10,757</u>	<u>3,586</u>
Net cash provided by operating activities	684,504	353,494
Cash flows from investing activities		
Proceeds from sale of assets	55,466	202,769
Acquisition of property and equipment	<u>(424,516)</u>	<u>(201,375)</u>
Net cash provided by (used in) investing activities	(369,050)	1,394
Cash flows from financing activities		
Principal repayment of long-term debt	<u>(40,285)</u>	<u>(312,199)</u>
Net cash used in financing activities	<u>(40,285)</u>	<u>(312,199)</u>
Increase in cash	275,169	42,689
Cash at beginning of year	<u>1,260,258</u>	<u>1,217,569</u>
Cash at end of year	<u>\$ 1,535,427</u>	<u>\$ 1,260,258</u>
Supplementary disclosures of cash flow information		
Cash paid during the year for interest	<u>\$ 28,544</u>	<u>\$ 31,332</u>
Non-cash transactions		
Forgiveness of debt (Note 6)	<u>\$ 40,000</u>	<u>\$ 40,000</u>
Donation of property, equipment and construction in process	<u>\$ --</u>	<u>\$ 19,445</u>

See notes to consolidated financial statements

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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 Trustees 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. 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). 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 consolidated financial statements. 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.

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 and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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 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 consolidated statements 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, 2022 and 2021.

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.

Grants and pledges receivable at December 31 were as follows:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 381,897	\$ 87,115
Receivable in one to five years	<u>40,000</u>	<u>--</u>
Grants and pledges receivable	<u><u>\$ 421,897</u></u>	<u><u>\$ 87,115</u></u>

The Organization reflects multi-year grants at face value, as the difference between recorded amounts and their present values was not considered significant at December 31, 2022 and 2021.

Land, property and equipment

Additions and major improvements with a useful life of more than one year and a cost value of \$2,500 or more are capitalized, 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.

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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.

Contributions of nonfinancial assets

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.

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.

Advertising

The Organization expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2022 and 2021 amounted to \$20,606 and \$12,619, respectively.

Functional expenses

The costs of providing programs and other activities are summarized in the consolidated statements 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.

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 1 – Summary of significant accounting policies (continued)

Income taxes (continued)

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, 2021 have been reclassified to conform to the December 31, 2022 classifications.

Note 2 – Adoption of new accounting pronouncements

During the year ended December 31, 2022, the Organization adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. These standards amend certain aspects of financial reporting and disclosure requirements for contributed nonfinancial assets, including disclosure as to the nature of donated items and services received and the method of valuing these items.

Note 3 – Land, property and equipment

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

	<u>2022</u>	<u>2021</u>
Land	\$ 3,238,855	\$ 3,253,157
Land improvements and outbuildings	1,967,262	1,935,529
Farm equipment	994,045	735,677
Office equipment	34,336	27,618
Database	30,965	30,965
Vehicles	<u>57,050</u>	<u>57,050</u>
Total land, property and equipment	6,322,513	6,039,996
Less: accumulated depreciation and amortization	(1,171,374)	(974,649)
Construction in process	<u>71,249</u>	<u>--</u>
Land, property and equipment, net	<u>\$ 5,222,388</u>	<u>\$ 5,065,347</u>

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 3 – Land, property and equipment (continued)

Depreciation expense totaled \$261,072 and \$246,615 for the years ended December 31, 2022 and 2021, respectively.

Note 4 – Intangible assets

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

	<u>2022</u>	<u>2021</u>
Trademark	\$ 750	\$ 750
Less: accumulated amortization	(667)	(617)
Intangibles assets, net	<u>\$ 83</u>	<u>\$ 133</u>

Amortization expense amounted to \$50 for each of the years ended December 31, 2022 and 2021.

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% (8% at December 31, 2022). There were no outstanding balances at December 31, 2022 and 2021 on this line-of-credit.

Note 6 – Long-term debt

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

	<u>2022</u>	<u>2021</u>
Mortgage payable maturing June 2, 2025 with debt forgiveness of \$40,000 per annum accruing no interest, secured by land.	\$ 120,000	\$ 160,000
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 \$6,309, including interest at the bank's variable rate (4.85% at December 31, 2022). The loan matures on September 1, 2035 and is secured by land.	<u>717,463</u>	<u>757,748</u>
Total long-term debt	<u>\$ 957,463</u>	<u>\$ 1,037,748</u>

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 6 – Long-term debt (continued)

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

2023	\$	81,784
2024		83,856
2025		206,031
2026		48,314
2027		50,710
Thereafter		<u>486,768</u>
	\$	<u><u>957,463</u></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, 2022, the Organization was in compliance with these requirements.

Note 7 – Net assets with donor restrictions

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

	<u>2022</u>	<u>2021</u>
Fresh produce initiative	\$ 370,400	\$ 216,406
General operating support – subsequent years	98,500	38,500
Land and building improvements	56,367	--
Equipment purchases	<u>--</u>	<u>38,000</u>
Total	<u>\$ 525,267</u>	<u>\$ 292,906</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>2022</u>	<u>2021</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>

America's Grow-A-Row and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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 with reputable financial institutions that 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:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,535,427	\$ 1,260,258
Grants and pledges receivable	<u>421,897</u>	<u>87,115</u>
Total financial assets	1,957,324	1,347,373
Less those unavailable for general expenditures within one year, due to:		
Purpose restrictions by donors	(426,767)	(254,406)
Time restrictions by donors	<u>(98,500)</u>	<u>(38,500)</u>
Total financial assets available for general expenditures within one year	<u>\$ 1,432,057</u>	<u>\$ 1,054,467</u>

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 \$29,535 and \$24,827 for the years ended December 31, 2022 and 2021, respectively, and are included in employee benefits in the accompanying consolidated financial statements.

Note 10 – Deferred compensation and retention plan

In 2022, the Board approved 457(b) deferred compensation and retention plan for the Organization's President. For each plan year, AGAR will contribute the maximum amount allowed under IRS code. No withdrawals may be taken prior to 5 years from the start of the plan with the three exceptions to this unforeseeable emergency withdrawals, death, and permanent disability. Distributions will be available upon termination of employment (after vesting period), age 72, and death.

Employer contributions to this plan for the year ended December 31, 2022 totaled \$20,500 and are included in employee benefits in the accompanying consolidated financial statements.

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Note 11 – Concentration of risk

The Organization maintains cash balances with major financial institutions. At times during the year, these balances exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses and believes it is not exposed to any significant credit risk on such funds.

Note 12 – 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 13 – Contributions of nonfinancial assets

The Organization received contributed nonfinancial assets at December 31 as follows:

	<u>2022</u>	<u>2021</u>
Produce	\$ 180,834	\$ 196,013
Professional fees	130,635	112,045
Equipment rental	15,200	9,900
Farm supplies and materials	11,356	--
Property and equipment	<u> --</u>	<u>19,445</u>
Total	<u>\$ 338,025</u>	<u>\$ 337,403</u>

These are included in contributions of nonfinancial assets revenue and the related expenses in the accompanying consolidated financial statements.

Donated produce includes produce gleaning from farmland, and food donations from local supermarkets and farm market channels. The estimated fair value of donated produce is based on the average wholesale value per pound of donated produce. The Organization valued donated produce at \$0.80 and \$0.74 per pound and the total pounds of produce donated to the Organization were approximately 226,043 and 264,544 for the years ended December 31, 2022 and 2021 respectively. The value of produce donated to the Organization was \$180,834 and \$196,013 for the years ended December 31, 2022 and 2021, respectively.

The Organization received donated services and materials including packing materials, beekeeping services, CFO services, and construction services. The Organization recognized a total of \$157,191 and \$141,390 in donated services and materials for the years ended December 31, 2022 and 2021, respectively.

The Organization also receives assistance from individuals on a volunteer basis to support its activities. During the years ended December 31, 2022 and 2021, management estimates 6,700 and 4,550 individuals volunteered for the Organization and provided over 21,300 and 17,000 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 consolidated financial statements.

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Note 14 – 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. Revenues 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>2022</u>			
Barn Dinner	\$ 137,665	\$ 1,687	\$ 135,978
Other	7,527	13,243	(5,716)
Pennies for Produce	<u>70,396</u>	<u>--</u>	<u>70,396</u>
Total	<u>\$ 215,588</u>	<u>\$ 14,930</u>	<u>\$ 200,658</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>

Note 15 – PPP Loan

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 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.

Note 16 – Subsequent events

The Organization has evaluated subsequent events through April 5, 2023, which is the date the consolidated financial statements were issued.