

GROW IT GREEN MORRISTOWN, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

GROW IT GREEN MORRISTOWN, INC.

DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To The Board of Directors
Grow It Green Morristown, Inc.
Morristown, New Jersey

We have reviewed the accompanying financial statements of Grow It Green Morristown, Inc., ("Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the combined financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Grow It Green Morristown, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Livingston, New Jersey
August 16, 2022

Certified Public Accountants



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GROW IT GREEN MORRISTOWN, INC.
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2021

ASSETS

CURRENT ASSETS:

Cash	\$	495,588
Accounts receivable		2,158
Total Current Assets		<u>497,746</u>

PROPERTY AND EQUIPMENT, Net

40,254

Total Assets

\$ 538,000

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$	8,020
Refundable advance		34,912
Total Liabilities		<u>42,932</u>

COMMITMENTS AND CONTINGENCIES

NET ASSETS:

Without donor restrictions		439,438
With donor restrictions		55,630
Total Net Assets		<u>495,068</u>
Total Liabilities and Net Assets	\$	<u>538,000</u>

GROW IT GREEN MORRISTOWN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Contributions	\$ 107,442	\$ 12,341	\$ 119,783
Foundation income	145,421	43,289	188,710
Government contributions	33,250	-	33,250
Program income	94,247	-	94,247
Fundraising income	51,119	-	51,119
Other	6,583	-	6,583
Total Revenues and Other Support	438,062	55,630	493,692
EXPENSES:			
Program	227,948	-	227,948
Management and general	38,098	-	38,098
Fundraising	49,268	-	49,268
Total Expenses	315,314	-	315,314
CHANGES IN NET ASSETS	122,748	55,630	178,378
NET ASSETS - Beginning of year	316,690	-	316,690
NET ASSETS - End of year	\$ 439,438	\$ 55,630	\$ 495,068

GROW IT GREEN MORRISTOWN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program	Management and General	Fundraising	Total Expenses
Salary	\$ 152,023	\$ 19,200	\$ 34,875	\$ 206,098
Payroll taxes	14,497	1,831	3,326	19,654
Total Salaries and Taxes	166,520	21,031	38,201	225,752
Office expense	639	3,871	410	4,920
Occupancy	6,511	-	-	6,511
Professional fees	1,900	5,475	-	7,375
Travel and meetings	-	51	-	51
Fees	2,384	645	1,672	4,701
Subscriptions	119	715	-	834
Insurance	-	5,261	-	5,261
Fundraising	-	59	5,606	5,665
Miscellaneous	4,213	775	1,268	6,256
Supplies	22,710	13	1,743	24,466
Advertising	1,293	149	168	1,610
Auto	3,457	-	-	3,457
Equipment and maintenance	4,353	53	200	4,606
Depreciation	13,849	-	-	13,849
Total Expenses	\$ 227,948	\$ 38,098	\$ 49,268	\$ 315,314

GROW IT GREEN MORRISTOWN, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS PROVIDED BY:

OPERATING ACTIVITIES:

Changes in net assets	\$ 178,378
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation expense	13,849
Changes in certain assets and liabilities:	
Accounts receivable	(1,826)
Accounts payable and accrued expenses	(7,890)
Refundable advance	1,662
Net Cash Provided by Operating Activities	<u>184,173</u>

INVESTING ACTIVITIES:

Purchase of property and equipment	<u>(31,156)</u>
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NET INCREASE IN CASH 153,017

CASH:

Beginning of year	<u>342,571</u>
End of year	<u>\$ 495,588</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

Paycheck Protection Program loan forgiveness	<u>\$ 33,250</u>
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GROW IT GREEN MORRISTOWN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ORGANIZATION:

Grow It Green Morristown, Inc. (“Organization”) was founded in 2009 with a mission to create sustainable farms and gardens that provide equal access to fresh, local food, and educate communities through programs focused on healthy eating and environmental stewardship. The Organization has a unique operating model building solutions for more sustainable local food systems at its three locations: The Urban Farm, Early Street Community Garden, and the Greenhouse at St. Elizabeth University.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time, and other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash:

The balance of cash includes deposits held in bank checking and savings accounts.

Accounts receivable:

Accounts receivable is stated at the amount the Organization expects to collect from outstanding balances, net of an allowance for doubtful accounts. The allowance is based on historical bad debts and management’s evaluation of outstanding balances at year-end. As of December 31, 2021, management has determined that no allowance is required.

Property and Equipment:

Property and equipment are recorded at cost on the date of acquisition or at the fair market value of the asset based on values of comparable assets at the date of gift for donations. Depreciation is computed using the straight-line method over estimated useful lives ranging from 3 to 5 years; land improvements are not depreciated. When assets are retired or otherwise disposed of, the costs and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the change in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred.

GROW IT GREEN MORRISTOWN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition:

Contributions, including unconditional promises to give, are recognized as revenue when they are received or unconditionally pledged. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions with restrictions that are met in the same reporting period as they are received are reported as unrestricted support.

Revenue from government grants is recognized in the period when forgiveness is awarded.

The Organization derives a significant portion of its revenue from program income, which includes sales of produce. This revenue is recognized at a point of sale when the consumer purchases the produce at the Organization's farmers' markets. The control is transferred to the Organization's consumers in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the produce. There are no significant financing components or variable considerations provided to clients.

In-kind Services:

In-kind services are recognized in the financial statements when those services create or enhance nonfinancial assets and require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. In-kind services are recorded as a contribution and an expense at their estimated fair value at the date of donation. There were no in-kind services for the year ending December 31, 2021.

The Organization also benefits from services provided by volunteers. The value of these services has not been reflected in the financial statements since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Advertising:

Advertising is expensed as incurred.

GROW IT GREEN MORRISTOWN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Tax Status:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes. The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest or penalties were recorded during the year 2021. At December 31, 2021, there were no significant income tax uncertainties.

Use of Estimates:

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Actual results could differ from those estimates.

Subsequent Events:

The Organization has evaluated its subsequent events and transactions occurring after December 31, 2021 through August 16, 2022, the date that the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following at December 31, 2021:

Furniture and equipment	\$	12,176
Truck		32,488
Fencing		16,663
Furniture		1,841
Land improvements		10,750
		<hr/>
		73,918
Less: Accumulated depreciation		33,664
	\$	<hr/>
		40,254

GROW IT GREEN MORRISTOWN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 - NET ASSETS WITH DONOR-IMPOSED PURPOSE AND TIME RESTRICTIONS:

Net assets with donor-imposed purpose restrictions consist of the following at December 31, 2021:

Urban Farm Restriction	\$	3,000
Apprentice and interns		8,841
Winterizing project		476
Capacity Building		40,000
ESCG		500
Technology		2,813
		<u>\$ 55,630</u>

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN:

The Organization obtained Paycheck Protection Program (“PPP”) loans under the CARES Act in April 2020 for \$33,250 and May 2021 for \$34,912. The Organization recognizes the PPP funds received when the Organization receives forgiveness from the Small Business Administration (“SBA”). The Organization received formal forgiveness for the first loan in July 2021. The second loan is recorded as a refundable advance and will be recognized as revenue in 2022 as the Organization received forgiveness in May 2022. All amounts received under the PPP were recognized as revenue from government grants on the statement of activities and changes in net assets. The SBA reserves the right to audit loan forgiveness for six years from the date loan forgiveness was awarded.

NOTE 6 - FUNCTIONAL EXPENSES:

Costs of providing the Organization program services, management and general, and fundraising activities are separately summarized in the statement of functional expenses. Accordingly, certain costs have been allocated among those program services, management and general, and fundraising activities benefited. Management and general costs include those expenses that are not directly identifiable with any other specific function but do provide for the overall support and direction of the Organization. The expenses of salaries and related expenses are based on time and effort. All other expenses are direct costs.

GROW IT GREEN MORRISTOWN, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - CONCENTRATIONS OF RISK AND UNCERTAINTIES:

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash. The Organization maintains its cash in accounts with federally insured institutions. At times, the balances in these accounts may be in excess of federally insured limits.

The Organization is involved in litigation arising in the normal course of its operations. Management believes that the amount of losses that might be sustained beyond existing insurance coverage would not have a material effect on the accompanying financial statements.

The Organization is actively monitoring the COVID-19 outbreak and its potential impact on the employees, volunteers, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

NOTE 8 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

Cash	\$ 495,588
Accounts receivable	<u>2,158</u>
	<u>497,746</u>
Less: Amounts restricted for use in 2022	
With donor restrictions	<u>55,630</u>
Financial Assets Available to Meet	
General Expenditures Over the Next 12 Months	<u>\$ 442,116</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.