Growing Hope, Inc.

Financial Statements

December 31, 2015
(With Summarized Comparative
Information for 2014)

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Independent Auditors' Report

Management and the Board of Directors
Growing Hope, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Growing Hope, Inc. which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Growing Hope, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Growing Hope, Inc.'s December 31, 2014, financial statements, and our report dated May 29, 2015 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Yeo & Yeo, P.C.

Ann Arbor, MI
August 12, 2016

Growing Hope, Inc.
Statement of Financial Position
December, 31 2015
(With Summarized Comparative Information for 2014)

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	**$ 58,636**	$ 39,724
Accounts receivable	**33,765**	62,168
Promises to give current portion, net	**37,152**	11,129
Total current assets	**129,553**	113,021
Property and equipment, net	**579,492**	497,981
Other assets		
Promises to give, net	**-**	2,667
Total assets	**$ 709,045**	$ 613,669
Liabilities and Net Assets		
Current liabilities		
Accounts payable	**$ 5,288**	$ 37,453
Accrued payroll	**36,330**	38,696
Line of credit	**25,000**	25,000
Current portion of note payable	**7,219**	7,419
Deferred revenue	**14,101**	15,075
Fiscal agent funds held for others	**11,310**	4,475
Total current liabilities	**99,248**	128,118
Long term portion of note payable	**145,009**	152,866
Total liabilities	**244,257**	280,984
Net assets		
Unrestricted net assets (deficit) - operations	**(23,884)**	(5,011)
Unrestricted net assets - net investment in property and equipment	**427,264**	337,696
Temporarily restricted net assets	**61,408**	-
Total net assets	**464,788**	332,685
Total liabilities and net assets	**$ 709,045**	$ 613,669

See Accompanying Notes to the Financial Statements

Growing Hope, Inc.
Statement of Activities
For the Year Ended December 31, 2015
(With Summarized Comparative Information for 2014)

	Unrestricted	Temporarily Restricted	**2015**	2014
Revenues				
Program service contracts	$ 19,635	$ -	**$ 19,635**	$ 26,313
Special events	37,150	-	**37,150**	36,861
Program related fees and sales	66,133	-	**66,133**	72,277
Membership dues	2,694	-	**2,694**	943
Rental income	1,907	-	**1,907**	2,443
Interest income	27	-	**27**	506
Miscellaneous revenues	4,260	-	**4,260**	6,108
Total revenue	131,806	-	**131,806**	145,451
Support				
Capital campaign donations	73,932	139,200	**213,132**	-
Contributions	89,789	-	**89,789**	99,229
Grants	317,765	-	**317,765**	347,020
Contributions in-kind	61,361	-	**61,361**	13,285
Net assets released from restrictions	77,792	(77,792)	**-**	-
Total support	620,639	61,408	**682,047**	459,534
Total revenue and support	752,445	61,408	**813,853**	604,985
Expenses				
Program	522,910	-	**522,910**	529,251
Administrative	86,773	-	**86,773**	62,124
Fundraising	72,067	-	**72,067**	52,259
Total expenses	681,750	-	**681,750**	643,634
Change in net assets	70,695	61,408	**132,103**	(38,649)
Net assets at beginning of year	332,685	-	**332,685**	371,334
Net assets at end of year	$ 403,380	$ 61,408	**$ 464,788**	$ 332,685

See Accompanying Notes to the Financial Statements

Growing Hope, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015
(With Summarized Comparative Information for 2014)

	Program	Administrative	Fundraising	**Total 2015**	Total 2014
Salaries and wages	$ 271,180	$ 46,218	$ 44,998	**$ 362,396**	$ 370,555
Employee benefits	25,140	3,809	3,362	**32,311**	34,227
Payroll taxes	27,153	4,114	3,631	**34,898**	38,802
Contract services	13,550	1,310	1,156	**16,016**	25,192
Professional services	8,839	15,737	48	**24,624**	24,515
Program expenses	30,395	5	56	**30,456**	26,006
Supplies	14,974	1,858	2,897	**19,729**	15,591
Occupancy	45,656	6,542	7,648	**59,846**	40,542
Travel and conferences	6,574	157	221	**6,952**	9,305
Bank fees	1,999	644	1,712	**4,355**	5,064
Special events	-	-	130	**130**	4,674
Site development	17,238	19	16	**17,273**	-
Depreciation	24,300	3,682	3,250	**31,232**	28,906
Taxes	5,188	652	850	**6,690**	4,472
In-kind supplies	11,109	1,683	1,486	**14,278**	13,285
Sub-contractors	16,421	-	-	**16,421**	-
Miscellaneous	3,194	343	606	**4,143**	2,498
Total expenses	$ 522,910	$ 86,773	$ 72,067	**$ 681,750**	$ 643,634

See Accompanying Notes to the Financial Statements

Growing Hope, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2015
(With Summarized Comparative Information for 2014)

	2015	2014
Cash flows from operating activities		
Change in net assets	**$ 132,103**	$ (38,649)
Items not requiring cash		
Depreciation	**31,232**	28,906
Capitalized in-kind donations	**(47,083)**	-
Changes in operating assets and liabilities		
Accounts receivable	**28,403**	(29,614)
Promises to give	**(23,356)**	(140)
Accounts payable	**(32,165)**	29,265
Accrued payroll	**(2,366)**	8,028
Deferred revenue	**(974)**	(225)
Fiscal agent funds	**6,835**	(998)
Net cash provided (used) by operating activities	**92,629**	(3,427)
Cash flows from investing activities		
Purchase of property and equipment	**(65,660)**	(6,591)
Cash flows from financing activities		
Payments on note payable	**(8,057)**	(4,715)
Change in cash and cash equivalents	**18,912**	(14,733)
Cash and cash equivalents - beginning of year	**39,724**	54,457
Cash and cash equivalents - end of year	**$ 58,636**	$ 39,724
Supplemental disclosures		
Cash paid for interest	**$ 11,529**	$ 11,269

See Accompanying Notes to the Financial Statements

Note 1 - Organization

Growing Hope, Inc. (the "Organization"), incorporated on May 23, 2003, is a non-profit 501(c)(3) organization whose mission is to help people improve lives and communities through gardening and increasing access to healthy food. Located in Ypsilanti, Michigan, the Organization serves individuals and communities in Michigan (mostly in the Washtenaw County) and derives its income primarily from grants, contributions, fundraising, and earned revenue.

Description of Programs

Growing Gardens - Supports home, school, and community gardens in southeast Michigan by providing start-up training, education, and resources that help people grow their own food. Demonstration and training urban farm and gardens at the Growing Hope Center is a destination for youth and adults to learn.

Farmers Market - Farmers Markets and farm stands in Ypsilanti aim to increase access to fresh and healthy food while supporting the local economy, growing small businesses, and fostering community development. Growing Hope supports the farmer's market sector through marketing, consulting, and evaluation services across Michigan.

Economic Development - Activities include an urban production farm, YpsiPlanti Garden Supply retail products and services, healthy food access initiatives with corner stores, and training and business support for food system entrepreneurs.

Youth & Schools - Involves classroom, after-school, and summer experiences for young people ages 3-18, focusing on nutrition-based garden education with low-income young people. Teen employment program focuses on developing mentors to younger youth. Healthy schools policy and school garden support create healthier environments.

Community Outreach & Involvement - Coordinates thousands of volunteers each year. Reaches thousands each year through participation at numerous community events and fairs; through leadership and participation in numerous networks and coalitions both in Washtenaw County and throughout Michigan. Educates and advocates for healthy local food at local to national levels.

Management and General - Includes the functions necessary to maintain Organization's support program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the office of the executive director; secure proper administrative functioning of the board of directors, maintain competent legal services for the program administration of the organization; and manage the financial and budgetary responsibilities of Growing Hope, Inc.

Fundraising - Provides the structure necessary to encourage and secure private financial support from individuals, foundations, businesses, and institutions.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America. Net assets and revenues, 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:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor. The Organization has no permanently restricted net assets.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Financial Information

The amounts shown for the year ended December 31, 2014, in the accompanying financial statements are included to provide a basis for comparison with 2015 and present summarized totals only. Accordingly, the 2014 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents does not include restricted cash because it is not available for operations.

Concentrations and Credit Risks

The Organization has cash accounts at various local banks. Accounts at these financial institutions are insured by the FDIC up to $250,000. At December 31, 2015, no cash account balances were in excess of the FDIC coverage limit.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on experience, third party contracts, and other circumstances, which may affect the ability of it's customers to meet their obligations. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management has determined that contributions receivable are substantially collectable and as such, no provision has been made for doubtful accounts.

Promises to Give
Pledges receivable are presented at their estimated collectable amount net of a present value discount. Management regularly reviews the collection history of its pledges receivable balance and sets an allowance for doubtful accounts of $450 for both the years ended December 31, 2015 and 2014.

Property and Equipment
Acquisitions or donations of property and equipment costing or valued over $500, and with an estimated useful life of more than one year, are capitalized at cost or estimated market value at date of donation. Depreciation of fixed assets is recorded on a straight-line basis over estimated useful lives ranging from five to forty years.

Functional Allocation of Expenses
The costs of providing the various programs have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain management and general costs have been allocated among the program and supporting services benefited.

Contributed Services
The Organization records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialize skills, are provided by persons possessing those skills, and would need to be purchased if they were not donated. During the years ended December 31, 2015 and 2014, the value of contributed services meeting the requirements for recognition in the financial statements was $30,164 and $0, respectively. The majority of contributed services were related to the Marketplace renovation project.

Membership Dues
Membership dues are recognized in the applicable membership period. Joiner fees are recorded as revenue in the period the fees are due.

Revenue Recognition
Revenue is recorded net of sales returns, and sales tax. Expenses are reported net of returns and discounts.

Subsequent Events
Management has evaluated subsequent events through August 12, 2016, which is the date the financial statements were available to be issued.

Note 3 - Promises to Give

Promises to give consist of the following at December 31, 2015 and 2014, respectively:

	2015	2014
Pledges receivable	$ 37,602	$ 14,246
Less: allowance for doubtful accounts	(450)	(450)
Total	$ 37,152	$ 13,796

The pledges receivable are all expected to be collected in the next fiscal year.

Note 4 - Property and Equipment

Major classes of assets and related accumulated depreciation thereon are summarized as follows:

	2015	2014
Land	$ 225,000	$ 225,000
Building	413,008	300,795
Computer equipment	27,251	26,721
Vehicles	26,853	26,853
	692,112	579,369
Less accumulated depreciation	(112,620)	(81,388)
Total	$ 579,492	$ 497,981

Depreciation for 2015 and 2014 amounted to $31,232 and $28,906, respectively.

Note 5 - Line of Credit

The Organization has a $25,000 line of credit available with a variable interest rate which expires October 2, 2016. The line is secured by substantially all assets of the Organization. As of December 31, 2015 and 2014, the Organization owed $25,000 on the line.

Note 6 - Note Payable

Note payable to Growing the Future LLC is secured by the Organization's land and building. Monthly payments of $1,370 at 5.75% interest beginning May 1, 2014. As of December 31, 2015 and 2014, the note payable was $152,228 and $160,285, respectively.

As of December 31, 2015, the future minimum principal payments are:

Year Ended December 31,	
2016	$ 7,219
2017	8,321
2018	8,813
2019	127,875
Total	$ 152,228

Note 7 - Operating Leases

The Organization leases office equipment for $247 per month under an operating lease agreement that will expire on May 24, 2016. The Organization also leases two adjacent buildings for $1,000 and $700 per month under operating leases that will both expire April 30, 2017. Rent expense totaled $23,540 and $10,970, in 2015 and 2014, respectively.

As of December 31, 2015, minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year for each of the next remaining years and in the aggregate are:

Year Ended December 31,	
2016	$ 22,875
2017	6,800
Total	$ 29,675

Note 8 - Net Assets

All net assets that are temporarily restricted are related to the Marketplace renovation and related capital expenses.

Note 9 - Contributions In-kind

The Organization received donated goods and services during the year ended December 31, 2015 and 2014:

	2015	2014
Professional services	$ 30,164	$ -
Donated materials	31,197	13,285
Total	$ 61,361	$ 13,285

In the year ending December 31, 2015 $47,083 of the above in-kind items were capitalized. The remaining $14,278 is included in in-kind supplies in the statement of functional expenses.