

**Growing Hope, Inc.**  
(a nonprofit Michigan corporation)  
Ypsilanti, Michigan

**Financial Statements**

December 31, 2021 and 2020



# Growing Hope, Inc.

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## **Independent Auditors' Report**

To the Board of Directors  
Growing Hope, Inc.  
Ypsilanti, Michigan

### **Opinion**

We have audited the accompanying financial statements of Growing Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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. The financial statements of Growing Hope, Inc. as of December 31, 2020 were audited by other auditors whose report dated May 19, 2021 expressed an unmodified opinion on those statements.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Growing Hope, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Growing Hope, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Independent Auditors' Report (continued)**

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Growing Hope, Inc.'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 Growing Hope, Inc.'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 audit.

*Altruic Advisors, CPAs*  
Certified Public Accountants

Ann Arbor, Michigan  
July 20, 2022

# Growing Hope, Inc.

## Statements of Financial Position

December 31	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 321,988	\$ 294,238
Accounts receivable	5,526	14,510
Pledges and grants receivable, net	220,091	68,790
Total current assets	<u>547,605</u>	<u>377,538</u>
<b>Property and Equipment, net</b>	<u>1,222,028</u>	1,260,832
Total assets	<u>\$ 1,769,633</u>	<u>\$ 1,638,370</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 9,677	\$ 10,684
Accrued payroll and payroll taxes	22,468	30,345
Funds held for others	16,505	21,317
Accrued interest	2,170	4,285
Note payable, current portion	3,578	125,767
Total current liabilities	<u>54,398</u>	<u>192,398</u>
<b>Long-Term Liabilities</b>		
Note payable, net of current portion	<u>146,422</u>	520,748
Total liabilities	<u>200,820</u>	<u>713,146</u>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	<u>1,260,862</u>	818,379
Total without donor restrictions	<u>1,260,862</u>	818,379
With donor restrictions		
Total net assets	<u>307,951</u>	106,845
	<u>1,568,813</u>	<u>925,224</u>
Total liabilities and net assets	<u>\$ 1,769,633</u>	<u>\$ 1,638,370</u>

The accompanying Notes are an integral part of these financial statements

# Growing Hope, Inc.

## Statement of Activities

Year ended December 31, 2021

	Without donor Restrictions	With donor Restrictions	Total
<b>Operating Support and Revenue</b>			
<b>Operating Support</b>			
Contributions and grants	\$ 717,792	\$ 461,170	\$ 1,178,962
Special event sponsorships and donations	45,382	-	45,382
In-kind contributions	10,871	-	10,871
Net assets released from restrictions			
Satisfaction of purpose restrictions	216,274	(216,274)	-
Expiration of time restrictions	43,790	(43,790)	-
Total operating support	<u>1,034,109</u>	<u>201,106</u>	<u>1,235,215</u>
<b>Operating Revenue</b>			
Rental income	56,895	-	56,895
Program revenue	63,326	-	63,326
Special event, net of expenses	3,027	-	3,027
Total operating revenue	<u>123,248</u>	<u>-</u>	<u>123,248</u>
 Total operating support and revenue	<u>1,157,357</u>	<u>201,106</u>	<u>1,358,463</u>
<b>Operating Expenses</b>			
Program services	641,584	-	641,584
Supporting services			
General and administrative	80,916	-	80,916
Fundraising	96,117	-	96,117
Total supporting services	<u>177,033</u>	<u>-</u>	<u>177,033</u>
Total operating expenses	<u>818,617</u>	<u>-</u>	<u>818,617</u>
 Total operating support and revenue in excess of operating expenses	<u>338,740</u>	<u>201,106</u>	<u>539,846</u>
<b>Other Changes</b>			
Gain on debt forgiveness	101,535	-	101,535
Other revenue	2,427	-	2,427
Interest income	124	-	124
Loss on disposition of assets	(343)	-	(343)
Total other changes	<u>103,743</u>	<u>-</u>	<u>103,743</u>
 Change in Net Assets	<u>442,483</u>	<u>201,106</u>	<u>643,589</u>
 Net Assets, Beginning of Year	<u>818,379</u>	<u>106,845</u>	<u>925,224</u>
 Net Assets, End of Year	<u>\$ 1,260,862</u>	<u>\$ 307,951</u>	<u>\$ 1,568,813</u>

The accompanying Notes are an integral part of these financial statements

# Growing Hope, Inc.

## Statement of Activities

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenue</b>			
<b>Operating Support</b>			
Contributions and grants	\$ 599,411	\$ 262,717	\$ 862,128
In-kind contributions	31,356	-	31,356
Special event sponsorships and donations	14,225	-	14,225
Net assets released from restrictions			
Satisfaction of purpose restrictions	211,975	(211,975)	-
Total operating support	<u>856,967</u>	<u>50,742</u>	<u>907,709</u>
<b>Operating Revenue</b>			
Program revenue	48,272	-	48,272
Rental income	31,490	-	31,490
Special event, net of expenses	790	-	790
Total operating revenue	<u>80,552</u>	<u>-</u>	<u>80,552</u>
 Total operating support and revenue	<u>937,519</u>	<u>50,742</u>	<u>988,261</u>
<b>Operating Expenses</b>			
Program services	610,794	-	610,794
Supporting services			
General and administrative	93,479	-	93,479
Fundraising	100,038	-	100,038
Total supporting services	<u>193,517</u>	<u>-</u>	<u>193,517</u>
Total operating expenses	<u>804,311</u>	<u>-</u>	<u>804,311</u>
 Total operating support and revenue in excess of operating expenses	<u>133,208</u>	<u>50,742</u>	<u>183,950</u>
<b>Other Changes</b>			
Insurance claim	109,871	-	109,871
Interest income	141	-	141
Other revenue	35	-	35
Total other changes	<u>110,047</u>	<u>-</u>	<u>110,047</u>
 <b>Change in Net Assets</b>	<u>243,255</u>	<u>50,742</u>	<u>293,997</u>
 <b>Net Assets, Beginning of Year</b>	<u>575,124</u>	<u>56,103</u>	<u>631,227</u>
 <b>Net Assets, End of Year</b>	<u>\$ 818,379</u>	<u>\$ 106,845</u>	<u>\$ 925,224</u>

The accompanying Notes are an integral  
part of these financial statements

# Growing Hope, Inc.

## Statement of Functional Expenses

Year ended December 31, 2021

	Supporting Services			Total	Total Expenses
	Program Services	General and Administrative	Fundraising		
Salaries and wages	\$ 382,857	\$ 48,255	\$ 57,012	\$ 105,267	\$ 488,124
Payroll taxes	34,966	3,497	5,245	8,742	43,708
Employee benefits	22,901	1,822	3,663	5,485	28,386
Total personnel costs	<u>440,724</u>	<u>53,574</u>	<u>65,920</u>	<u>119,494</u>	<u>560,218</u>
Depreciation	64,757	6,476	9,714	16,190	80,947
Program supplies	27,989	37	55	92	28,081
Repairs and maintenance	24,928	818	1,227	2,045	26,973
Other professional fees	17,753	1,487	3,731	5,218	22,971
Occupancy	14,344	682	1,024	1,706	16,050
Professional fees	-	13,779	-	13,779	13,779
Interest expense	11,538	835	1,252	2,087	13,625
IT expenses	6,671	1,501	3,826	5,327	11,998
Insurance	8,545	685	1,028	1,713	10,258
Bank and service charges	5,639	36	2,506	2,542	8,181
Printing and postage	2,578	225	4,307	4,532	7,110
Office expense	4,437	297	410	707	5,144
Volunteer expenses	4,520	-	-	-	4,520
Conferences and meetings	3,141	280	579	859	4,000
Miscellaneous	2,376	76	85	161	2,537
Advertising and promotions	1,644	128	192	320	1,964
Fundraising expenses	-	-	261	261	261
Total expenses	<u>\$ 641,584</u>	<u>\$ 80,916</u>	<u>\$ 96,117</u>	<u>\$ 177,033</u>	<u>\$ 818,617</u>

The accompanying Notes are an integral part of these financial statements

# Growing Hope, Inc.

## Statement of Functional Expenses

Year ended December 31, 2020

	Supporting Services			Total	Total Expenses
	Program Services	General and Administrative	Fundraising		
Salaries and wages	\$ 357,768	\$ 56,099	\$ 61,916	\$ 118,015	\$ 475,783
Payroll taxes	32,771	4,256	5,533	9,789	42,560
Employee benefits	22,659	3,030	3,399	6,429	29,088
Total personnel costs	413,198	63,385	70,848	134,233	547,431
Depreciation	53,058	6,823	8,958	15,781	68,839
Interest expense	28,395	2,045	2,376	4,421	32,816
Program supplies	24,280	453	594	1,047	25,327
Repairs and maintenance	19,404	391	512	903	20,307
Office expense	13,880	1,680	2,157	3,837	17,717
Occupancy	15,405	458	600	1,058	16,463
Professional fees	-	15,058	-	15,058	15,058
IT expenses	7,578	1,528	2,759	4,287	11,865
Insurance	8,022	855	1,115	1,970	9,992
Advertising and promotions	8,912	330	428	758	9,670
Grants	6,110	-	-	-	6,110
Printing and postage	1,798	184	3,493	3,677	5,475
Other professional fees	4,086	83	107	190	4,276
Conferences and meetings	2,751	62	1,429	1,491	4,242
Bank and service charges	790	88	2,988	3,076	3,866
Volunteer expenses	1,838	-	-	-	1,838
Fundraising expenses	-	-	1,628	1,628	1,628
Miscellaneous	1,289	56	46	102	1,391
Total expenses	\$ 610,794	\$ 93,479	\$ 100,038	\$ 193,517	\$ 804,311

The accompanying Notes are an integral part of these financial statements

# Growing Hope, Inc.

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2021	2020
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 643,589	\$ 293,997
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gain on debt forgiveness	(101,535)	-
Loss on disposition of equipment	343	-
Depreciation	80,947	68,839
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	8,984	3,718
Pledges and grants receivable	(151,301)	(30,873)
Accounts payable	(1,007)	13,021
Accrued payroll and payroll taxes	(7,877)	15,880
Accrued interest	(2,115)	-
Deferred revenue	-	(250)
Funds held for others	(4,812)	(12,723)
Net cash provided by operating activities	<u>465,216</u>	<u>351,609</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of equipment	75	-
Purchases of equipment	(42,561)	(273,237)
Net cash used by investing activities	<u>(42,486)</u>	<u>(273,237)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from note payable	-	251,535
Payments on notes payable	(394,980)	(171,137)
Net cash provided (used) by financing activities	<u>(394,980)</u>	<u>80,398</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>27,750</b>	<b>158,770</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>294,238</b>	<b>135,468</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 321,988</b>	<b>\$ 294,238</b>
<b>Supplemental Information</b>		
Cash paid for interest	<u>\$ 15,741</u>	<u>\$ 28,530</u>

The accompanying Notes are an integral  
part of these financial statements

# Growing Hope, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 1 – Nature of Organization and Significant Accounting Policies

*Nature of Operations.* Growing Hope, Inc. ("the Organization") is a not-for-profit Michigan organization whose mission is to foster an equitable and sustainable local food system where all people are empowered to grow, sell, buy, prepare, and eat nourishing food. The Organization envisions a community where all people - particularly those with barriers due to race, class, culture, language, ability, and mobility - have access to nourishing local food that is culturally appropriate and affordable, can grow and prepare their own harvests, and may earn a living as a food grower, producer, or entrepreneur. The Organization focuses the majority of its efforts in Ypsilanti, Michigan. The Organization's sources of support and revenue are primarily from grants, individual contributions, and special events.

#### Description on Program Services:

*Farm and Garden.* This program empowers people of all ages to grow, prepare, and eat nourishing food with hands-on educational opportunities through workshops, trainings, and field trips on the Organization's urban farm demonstration gardens. The Organization supports Ypsilanti home, community, and school gardens by providing raised beds, compost, seedling/seeds, and mentorship.

*Farmers Market.* With an emphasis on increasing access to local fresh foods for underserved populations, the Organization manages two farmers markets - Depot Town Ypsilanti Farmers Market and Downtown Farmers Market - providing vibrant community spaces for local farmers and food makers to sell directly to customers. Additionally, it manages the Ypsi Area Online Market, a safe and convenient option. Six forms of food assistance benefits are accepted at all markets.

*Food Entrepreneurship.* With the goal of growing the local food economy, this program supports start-up food makers with access to the Organization's incubator kitchen. With 24/7 access to a commercial grade facility, renters are assisted with food safety regulations, licensing, and creating connections with growers and retail markets.

*Youth and Schools.* Garden-based nutrition education is provided for pre-K through 8th grade youth at the Organization's urban farm; in classrooms, after-school programs, summer camps, and through its participation in the Ypsilanti's Farm to School initiative. In its year-round teen employment program, teens grow their leadership and job skills while working on the Organization's urban farm, at its markets, and in its incubator kitchen; creating the next changemakers in the local food system.

*Community Outreach & Involvement.* Through its outreach, the Organization cultivates partners and volunteers to support and guide its mission in the community. The Organization is active in a number of city, county, and statewide coalitions and networks, advocating for food justice and an equitable and sustainable local food system.

#### Description on Supporting Services:

*General and Administrative.* Includes the functions necessary to provide support to the Organization's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

# Growing Hope, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Description on Supporting Services (continued) :

*Fundraising.* Provides the structure necessary to encourage and secure private financial support from individuals, foundations, governments, and corporations.

*Basis of Accounting.* The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

*Use of 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.

*Cash and Cash Equivalents.* The Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

*Accounts Receivable.* Accounts receivable are stated net of allowances for uncollectible accounts. At the time accounts receivable are originated, the Organization considers an allowance for doubtful accounts based on the creditworthiness of the customer. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis. Management believes that all accounts receivable are fully collectible at December 31, 2021 and 2020.

*Pledges and Grants Receivable.* Pledges and grants receivable are all current and are recognized only when the conditions on which they depend are substantially met and the pledges or grants become unconditional. Pledges and grants receivable are stated net of allowances for doubtful accounts. Management provides for probable doubtful amounts through a provision for bad debt expense and an adjustment to the allowance account based on its assessment of the current status of individual amounts. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to the receivable account. Management has estimated the allowance for doubtful accounts to be \$450 as of December 31, 2021 and 2020.

*Property and Equipment.* The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are recorded at cost for purchased items and at fair market value at the time of receipt for donated items. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets which are currently calculated at three to ten years for furniture and equipment; five years for vehicles; and five to forty years for buildings and improvements. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts, and any resulting gain or loss is recorded in the year of disposal. Depreciation expense for the years ended December 31, 2021 and 2020 was \$80,947 and \$68,839, respectively.

# Growing Hope, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Impairment of Long-Lived Assets.* In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2021 and 2020.

*Basis of Net Asset Presentation.* The Organization reports information regarding its financial position and activities according to two classes of net assets, net assets without donor restrictions and net assets with donor restrictions:

*Net Assets Without Donor Restrictions.* Net assets resulting from revenues generated, receiving contributions that have no donor stipulations, providing services, and receiving interest and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net Assets With Donor Restrictions.* Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated net assets, until the donor restriction expires, that is, until the stipulated time restriction ends or the purpose restriction is accomplished.

*Contributions and Grants.* Contributions and grants are recognized as support in the period committed as assets or decreases of liabilities depending on the form of the benefits received. Restricted contributions and grants are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized.

*Contributed Goods and Services.* Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed goods were \$10,121 and \$23,356 for the years ended December 31, 2021 and 2020, respectively. Contributed services were \$750 and \$8,000 for the years ended December 31, 2021 and 2020, respectively. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition.

*Revenue Recognition.*

*Timing of Satisfaction.* The Organization satisfies its performance obligations for the farmers market/online market upon point of sale. Booth fees are earned each week as the market occurs. Rental income is earned each month if the lease is a long term, otherwise, rental income is earned each day the space is rented out.

*Transaction Price.* The transaction price of a contract with a client is the amount of consideration to which the Organization expects to be entitled for transferring promised services to the client. All revenues are all fixed fee services.

# Growing Hope, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Revenue Recognition* (continued).

*Contract Balances.* The following table provides information about the Organization's receivables from contracts with customers at December 31:

	<u>2021</u>	<u>2020</u>
Accounts receivable, beginning of year	\$ 14,510	\$ 12,516
Accounts receivable, end of year	\$ 5,526	\$ 14,510

*Accounting Policies and Practical Expedients Elected.* The Organization is electing to use the right to invoice practical expedient, which allows an entity to recognize revenue in the amount of consideration to which the entity has the right to invoice when the amount that the entity has the right to invoice corresponds directly to the value transferred to the customer. Therefore, the Organization will apply the invoice practical expedient to performance obligations satisfied over time.

The Organization's contracts do not include significant financing components.

*Advertising.* The Organization expenses advertising costs as they are incurred. Costs, expensed as advertising and promotions in the statements of functional expenses, were \$1,964 and \$9,670 for the years ended December 31, 2021 and 2020, respectively.

*Income Taxes.* The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

*Functional Allocation of Expenses.* Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Reclassifications.* Certain amounts from the financial statements for the year ended December 31, 2020 have been reclassified to conform to current year presentation, without affecting the change in net assets.

*Subsequent Events.* The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through July 20, 2022, the date at which the financial statements were available for release.

# Growing Hope, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 2 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 1,318,914	\$ 1,184,925
Land	225,000	225,000
Furniture and equipment	41,493	41,493
Vehicles	19,392	24,089
	<u>1,604,799</u>	<u>1,475,507</u>
Less accumulated depreciation	(382,771)	(303,521)
	<u>1,222,028</u>	<u>1,171,986</u>
Construction in progress	-	88,846
Net property and equipment	<u>\$ 1,222,028</u>	<u>\$ 1,260,832</u>

### Note 3 – Notes Payable

Note payable ("the PPP loan") to Bank of Ann Arbor, originated through the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act; interest is at 1% with monthly payments of \$4,231 commencing October 2020 and payable through April 2022. There is no collateral for this note. During 2021, this note was forgiven in full.

	<u>2021</u>	<u>2020</u>
	\$ -	\$ 101,535

Mortgage payable to IFF, interest at 5.75% through May 2032, monthly principal and interest payments of \$2,571, collateralized by the marketplace building. During 2021, this note was paid in full.

- 235,873

Mortgage payable to Ann Arbor State Bank, interest at 5.5% through July 2020 and 4.5% through July 2023, monthly principal and interest payments of \$1,183, collateralized by the marketplace building. During 2021, this note was paid in full.

- 159,107

Economic Injury Disaster Loan payable to the U.S. Small Business Association, due in monthly installments of \$641, commencing in May 2022 through May 2050, interest at 2.75%, collateralized by the organization's personal property.

150,000	150,000
<u>150,000</u>	<u>646,515</u>

Less current portion

(3,578)	(125,767)
<u>\$ 146,422</u>	<u>\$ 520,748</u>

# Growing Hope, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 3 – Notes Payable (continued)

Scheduled maturities of the long-term notes payable are as follows at December 31, 2021:

Year ended	
Dec 31	Total
2022	\$ 3,578
2023	3,655
2024	3,757
2025	3,861
2026	3,969
Thereafter	131,180
	<u>\$ 150,000</u>

On April 10, 2020, the Organization was granted a loan ("the PPP Loan") from Bank of Ann Arbor in the amount of \$101,535, pursuant to the Paycheck Protection Program ("the PPP") under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act ("the CARES Act"), which was enacted March 27, 2020 (see above).

Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. These qualifying expenses include payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before June 23, 2021 or through an alternate period as extended upon request of the Organization.

The Organization incurred such qualifying expenses and was granted forgiveness of the PPP Loan on March 16, 2021. The total amount of principal forgiveness was \$101,535 and is shown as a gain on debt forgiveness in the statement of activities for the year ended December 31, 2021.

### Note 4 – Commitments

*Operating Leases.* The Organization leases office equipment under noncancelable operating lease agreements that expire in March 2025. Current monthly rent payments are \$169. Rent expense under the lease was \$2,028 and \$1,521 for the years ended December 31, 2021 and 2020, respectively.

Future annual minimum lease payments under operating leases are as follows at December 31, 2021:

Year ended	
December 31,	Total
2022	\$ 2,028
2023	2,028
2024	2,028
2025	507
	<u>\$ 6,591</u>

# Growing Hope, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 4 – Commitments (continued)

*Rental Income.* The Organization leases space to a local business. The noncancelable operating lease requires monthly payments of \$600 and expires in June 2022. Rental income under this agreement totaled \$3,600 for the year ended December 31, 2021. Rental income of \$3,600 is to be received under this lease during the year ended December 31, 2022.

The Organization also leases out kitchen space and event space to various local businesses on a short-term basis. Rental income from these entities and a previous lease that expired in June 2021 totaled \$53,295 and \$31,490 for the years ended December 31, 2021 and 2020, respectively.

### Note 5 – Net Assets with Donor Restrictions

The balance of net assets with donor restrictions at December 31, 2021 is as follows:

	January 1, 2021	Increases	Releases	December 31, 2021
Time restrictions:				
Pledges and grants receivable	\$ 43,790	\$ 220,091	\$ 43,790	\$ 220,091
Purpose restrictions:				
Teen Program	20,000	96,392	68,185	48,207
Home vegetable garden	3,337	15,000	12,519	5,818
Westside Farmers Market	-	13,687	7,884	5,803
Farmer's market, Farm, and Youth programming	39,718	75,000	112,258	2,460
Other programs	-	41,000	15,428	25,572
Total	<u>\$ 106,845</u>	<u>\$ 461,170</u>	<u>\$ 260,064</u>	<u>\$ 307,951</u>

The balance of net assets with donor restrictions at December 31, 2020 is as follows:

	January 1, 2020	Increases	Releases	December 31, 2020
Time restrictions:				
Pledges and grants receivable	\$ -	\$ 43,790	\$ -	\$ 43,790
Purpose restrictions:				
Repairs and Maintenance	26,518	-	26,518	-
Field Trips	14,693	-	14,693	-
Farm Stand	10,000	-	10,000	-
Home vegetable garden	4,892	16,985	18,540	3,337
Farmer's market, Farm, and Youth programming	-	84,725	45,007	39,718
YFMP Kitchen	-	85,500	85,500	-
Teen Program	-	31,717	11,717	20,000
Total	<u>\$ 56,103</u>	<u>\$ 262,717</u>	<u>\$ 211,975</u>	<u>\$ 106,845</u>

# Growing Hope, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 6 – Special Event

The Organization derived net income from the following special fundraising event during the year ended December 31, 2021:

	<b>Chefs in the Garden</b>
Ticket and auction sales	<u>\$ 16,178</u>
Direct costs	<u>(13,151)</u>
	<u><u>\$ 3,027</u></u>

Additionally, the Organization raised \$45,382 in sponsorships and donations as a result of this event.

The Organization derived net income from the following special fundraising event during the year ended December 31, 2020:

	<b>Online Auction</b>
Ticket and auction sales	<u>\$ 16,318</u>
Direct costs	<u>(15,528)</u>
	<u><u>\$ 790</u></u>

Additionally, the Organization raised \$14,225 in sponsorships and donations as a result of this event.

### Note 7 – Liquidity and Availability of Resources

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has an unofficial liquidity policy to maintain current financial assets less current liabilities at a minimum of three months budgeted operating expenses. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

The Organization's financial assets available for general expenditures within one year are as follows at December 31:

	<b>2021</b>	<b>2020</b>
Financial assets at year-end:		
Cash and cash equivalents	<u>\$ 321,988</u>	\$ 294,238
Accounts receivable	<u>5,526</u>	14,510
Pledges and grants receivable	<u>220,091</u>	68,790
Financial assets available for general expenditures within one year	<u><u>\$ 547,605</u></u>	<u><u>\$ 377,538</u></u>

# Growing Hope, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 7 – Liquidity and Availability of Resources (continued)

Substantially all of the Organization's net asset restrictions are generally released within the next fiscal year. The Organization anticipates that all net asset restrictions as of December 31, 2021 will be fully released during the next fiscal year.

### Note 8 – Concentration of Credit Risk

*Bank Deposits.* At certain times during the years ended December 31, 2021 and 2020, the Organization maintained cash balances in excess of federally insured limits. Management believes the risk of loss on these amounts is minimal.

*Support and Revenue Concentration.* During the year ended December 31, 2021, the Organization had one grantor who comprised approximately 17% of total support and revenue.

*Geographical Concentration.* The Organization receives a substantial amount of its support from within the area of Southeast Michigan.