

**AUSTIN YOUTH & COMMUNITY FARM, INC.
dba URBAN ROOTS
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED JULY 31, 2021 AND 2020**

URBAN ROOTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Austin Youth & Community Farm, Inc.
Austin, Texas

We have audited the accompanying financial statements of Austin Youth & Community Farm, Inc. dba Urban Roots, which comprise the statement of financial position as of July 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.

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 from 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 auditors consider 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 Urban Roots as of July 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.

Emphasis of Matters

The financial statements of Urban Roots, as of and for the year ended July 31, 2020, were audited by other auditors before restatement, whose report, dated November 25, 2020, expressed an unmodified opinion on those statements.

During 2021, Urban Roots has changed their accounting policy related to the capitalization of fixed assets. As disclosed in Note 1 (Fixed Assets) to the financial statements, the capitalization threshold was increased during the year under audit. The effect of this change in accounting policy is reflected in the year ended July 31, 2020, see Note 10. Our opinion is not modified with respect to this matter.

Atchley & Associates, LLP

Austin, Texas

April 1, 2022

URBAN ROOTS
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2021 AND 2020

	2021	As Restated 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,414,805	\$ 1,119,574
Pledges receivable, net	230,001	303,255
Other receivables	93,237	18,967
Prepaid expenses	2,000	16,048
Total current assets	1,740,043	1,457,844
Property and Equipment		
Vehicles	83,820	83,820
Farm equipment	49,851	37,156
Furniture and equipment	6,418	6,418
Leasehold improvements	35,559	-
Construction in process	12,296	-
Less accumulated depreciation	(93,100)	(78,109)
Net fixed assets	94,844	49,285
Other Assets		
Pledges receivable, net	53,249	266,970
Security deposit	150	-
Total assets	1,888,286	1,774,099
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	50,614	12,371
Vacation accrual payable	23,134	13,555
Deferred revenues	5,000	32,000
Total current liabilities	78,748	57,926
 Total liabilities	 78,748	 57,926
Net assets		
Net assets without donor restrictions	991,358	1,013,128
Net assets with donor restrictions	818,180	703,045
Total net assets	1,809,538	1,716,173
 Total liabilities and net assets	 \$ 1,888,286	 \$ 1,774,099

The accompanying notes to financial statements are an integral part of these statements.

URBAN ROOTS
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 218,043	\$ 79	\$ 218,122
Grants	237,646	473,456	711,102
CARES act relief	130,000	-	130,000
Special events	139,164	-	139,164
Program related sales	22,633	-	22,633
Other revenue	16,888	-	16,888
Contributed goods and services	184,396	-	184,396
Investment return, net	3,736	-	3,736
Net assets released from donor imposed restrictions	358,400	(358,400)	-
Total revenues and other support	<u>1,310,906</u>	<u>115,135</u>	<u>1,426,041</u>
EXPENSES			
Program services	955,077	-	955,077
Supporting services			
Management and general	110,203	-	110,203
Fundraising	267,396	-	267,396
Total expenses	<u>1,332,676</u>	<u>-</u>	<u>1,332,676</u>
CHANGE IN NET ASSETS	(21,770)	115,135	93,365
NET ASSETS			
Beginning of year	<u>1,013,128</u>	<u>703,045</u>	<u>1,716,173</u>
End of year	<u>\$ 991,358</u>	<u>\$ 818,180</u>	<u>\$ 1,809,538</u>

The accompanying notes to financial statements are an integral part of these statements.

URBAN ROOTS
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2020
As Restated

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 84,153	\$ 174,102	\$ 258,255
Grants	760,322	117,727	878,049
CARES act relief	90,000	-	90,000
Special events	84,122	-	84,122
Program related sales	60,367	-	60,367
Other revenue	11,240	-	11,240
Contributed goods and services	35,921	-	35,921
Investment return, net	269	-	269
Net assets released from donor imposed restrictions	287,279	(287,279)	-
Total revenues and other support	1,413,673	4,550	1,418,223
EXPENSES			
Program services	835,788	-	835,788
Supporting services			
Management and general	83,905	-	83,905
Fundraising	137,881	-	137,881
Total expenses	1,057,574	-	1,057,574
CHANGE IN NET ASSETS	356,099	4,550	360,649
NET ASSETS			
Beginning of year	657,029	698,495	1,355,524
End of year	\$ 1,013,128	\$ 703,045	\$ 1,716,173

The accompanying notes to financial statements are an integral part of these statements.

URBAN ROOTS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2021

	Supporting Services			Total
	Program Services	Management & General	Fund Raising	
EXPENSES				
Compensation	\$ 490,995	\$ 75,706	\$ 93,042	\$ 659,743
Employee benefits	49,685	9,937	11,356	70,978
Payroll taxes	36,830	5,693	6,980	49,503
Total personnel costs	<u>577,510</u>	<u>91,336</u>	<u>111,378</u>	<u>780,224</u>
Youth stipends	-	-	-	-
Farm rental and market stall fees	173,100	-	-	173,100
Farm supplies	41,817	-	-	41,817
Farm maintenance	8,851	-	-	8,851
Farm utilities	6,642	-	-	6,642
Property taxes	1,251	193	237	1,681
Vehicle and transportation	6,096	-	-	6,096
Program evaluation	498	-	-	498
Contract services	51,431	7,232	18,923	77,586
Occupancy	26,658	4,121	5,052	35,831
Equipment rental and maintenance	2,924	452	554	3,930
Telecommunications	3,039	470	576	4,085
Property and casualty insurance	13,755	2,126	2,607	18,488
D&O insurance	-	-	-	-
Workers' compensation insurance	6,285	971	1,191	8,447
Office expenses	3,853	595	730	5,178
Other	9,569	1,479	4,587	15,635
Bank and merchant services	7,099	1,097	1,345	9,541
Fundraising and event expenses	-	-	67,328	67,328
Campaign administration	-	-	-	-
Bad debt expense	-	-	50,262	50,262
In-kind goods and services	-	-	2,465	2,465
Depreciation	14,699	131	161	14,991
Total expenses	<u>\$ 955,077</u>	<u>\$ 110,203</u>	<u>\$ 267,396</u>	<u>\$ 1,332,676</u>

The accompanying notes to financial statements are an integral part of these statements.

URBAN ROOTS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2020

	Program Services	Supporting Services		Total
		Management & General	Fund Raising	
EXPENSES				
Compensation	\$ 450,098	\$ 47,167	\$ 41,606	\$ 538,871
Employee benefits	41,338	4,422	3,910	49,670
Payroll taxes	28,425	2,971	2,704	34,100
Total personnel costs	519,861	54,560	48,220	622,641
Youth stipends	55,575	-	-	55,575
Farm rental and market stall fees	16,395	-	-	16,395
Farm supplies	22,910	-	-	22,910
Farm maintenance	36,612	-	-	36,612
Farm utilities	5,521	-	-	5,521
Property taxes	1,037	-	-	1,037
Vehicle and transportation	7,419	-	33	7,452
Program evaluation	610	-	-	610
Contract services	32,822	13,122	6,835	52,779
Occupancy	35,831	-	-	35,831
Equipment rental and maintenance	13,933	-	-	13,933
Telecommunications	2,326	776	-	3,102
Property and casualty insurance	14,982	-	-	14,982
D&O insurance	-	1,312	-	1,312
Workers' compensation insurance	7,571	812	738	9,121
Office expenses	2,918	973	-	3,891
Other	5,578	1,955	4,732	12,265
Bank and merchant services	-	-	7,740	7,740
Fundraising and event expenses	1,450	-	63,185	64,635
Campaign administration	31,000	-	-	31,000
Bad debt expense	-	10,395	-	10,395
In-kind goods and services	4,356	-	6,398	10,754
Depreciation	17,081	-	-	17,081
Total expenses	\$ 835,788	\$ 83,905	\$ 137,881	\$ 1,057,574

The accompanying notes to financial statements are an integral part of these statements.

URBAN ROOTS
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets (decrease)	\$ 93,365	\$ 360,649
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation	14,991	17,081
Bad debt expense	50,262	10,395
Changes in assets and liabilities that provided (used) cash:		
Grant receivable	-	3,822
Pledges receivable	236,713	(220,343)
Other receivable	(74,270)	(6,596)
Prepaid expenses	14,048	(3,857)
Security deposit	(150)	1,088
Accounts payable	38,243	7,922
Vacation accrual payable	9,579	3,930
Deferred revenues	(27,000)	32,000
Net cash provided by (used by) operating activities	<u>355,781</u>	<u>206,091</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(60,550)</u>	<u>(44,469)</u>
Net cash provided by (used by) investing activities	<u>(60,550)</u>	<u>(44,469)</u>
FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	295,231	161,622
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,119,574</u>	<u>957,952</u>
End of year	<u>\$ 1,414,805</u>	<u>\$ 1,119,574</u>

The accompanying notes to financial statements are an integral part of these statements.

URBAN ROOTS
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The mission of Austin Youth & Community Farm, Inc. dba Urban Roots, is to work with youth leaders to grow fresh food and build a community dedicated to achieving food equity.

Urban Roots was incorporated November 30, 2011, under the laws of the State of Texas in accordance with the provisions of the Texas Non-profit Corporation Act.

Program Services

Urban Roots engages young people between the ages of 13 and 23 and our wider community on two urban farms to grow, harvest, and distribute healthy fresh produce in Austin, Texas. More than half of the produce grown is devoted to increasing food access through donation or reduced cost partnerships, and the rest is sold to wholesale and restaurant partners. Over the course of the year, Urban Roots harvested more than 30,000 pounds of produce and the young people in our programs participated in outreach projects on the farm and in the community. Young people leave their experience at Urban Roots with a sense of social responsibility, an understanding of the importance of access to healthy food for the community, powerful peer and mentor relationships, and the skills to meaningfully take on leadership roles in their communities long after their participation with Urban Roots ends. Community volunteers and Urban Roots neighbors leave inspired by the power of young people, passion for fresh, local food, and a deeper understanding of the barriers in our community for so many of us to access the food we need to live flourishing lives.

Community Programs

Food Access Produce Distribution

Weekly veggie shares are sold directly to Austin residents through a pay what you can model in neighborhoods facing obstacles to accessing fresh, nourishing food. Bulk produce is donated to hunger relief organizations for distribution through their food pantries & community kitchens.

Community Crew Farm Volunteers

A dedicated group of community volunteers work on the farm each week, year round, to help bring in the harvest. This group helps with every aspect of production (planting, harvesting, crop maintenance), getting hands-on experience of farming in Central Texas, while supporting all of the youth and community programs at Urban Roots.

Youth Leadership Programs

Food & Leadership Fellowship (FLF)

Fellows ages 17-23 receive hands-on experience running a production farm and distributing produce to increase food access in Austin. During their 15 week season in the fall or spring, Fellows learn about inequality in our food system and directly make a difference through their work on the farm and in the community.

URBAN ROOTS
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Youth Leadership Programs - Continued

South Austin Internship (SAI)

The South Austin Internship is a unique & powerful leadership opportunity for high school age youth in South East Austin to shape the direction of Urban Roots' new farm site in Dove Springs. From October to May, the SAI youth lead the process to gather input and feedback from the Dove Springs community to help shape the Winnebago farm and any new programs that we may implement down the road.

Farm Internship Program (FIP)

Our original youth leadership program for high school youth to build relationships, learn about where food comes from, and build essential life skills while growing food for the community. Over 6 weeks in June and July, Interns work on the farm, volunteer at local food access organizations, cook with local chefs, and learn more about leadership and the food system, through workshops and trainings each afternoon. Note: due to COVID 19, in 2021 interns did not volunteer in the community or cook with local chefs.

Educational Programs

Educational Farm Tours

Educational Tours provide opportunities for groups of students to learn about where food comes from. PreK through 12th grade students participate in age-appropriate activities related to sustainable farming and making healthy food choices, which include TEKS-aligned lessons related to health education, conservation, and plant reproduction. Students also taste the fruits and vegetables that are growing on the farm and may participate in light farm work to gain a hands-on understanding of sustainable farming.

NOTE: In 2021 these tours were available on a limited basis due to COVID-19

Summary of Significant Accounting Policies

Accounting Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Method of Accounting: Urban Roots uses the accrual basis method of accounting. Using this method of accounting, revenue and support and related receivables are reported when funds are considered earned, regardless of when cash is received. Program service fees received in advance of being earned are reported as deferred revenue. Expenses and related accounts payable are reported when an obligation is incurred, regardless of when cash is disbursed. Payroll costs incurred but not payable as of year-end are reported as accrued payroll. Cash disbursed before an obligation is incurred is reported as prepaid expenses.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash in demand deposit accounts and certificates of deposit with original maturities of less than three months.

URBAN ROOTS
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Summary of Significant Accounting Policies - Continued

Support and Revenue: Urban Roots receives its support and revenue through contributions, grants, and two major annual fund-raising events, Seed to Harvest and Tour de Farm. Contributions and grants are recognized when the donor makes a promise to give to Urban Roots that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions 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. Urban Roots uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

FASB ASC 958 requires contributions of donated noncash assets be recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Fixed Assets: During 2021, the capitalization policy for fixed assets was changed from a minimum purchase or donated value of \$1,000 to \$2,500, except for personal computers which are expensed. This policy change was applied retroactively, see Note 10. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over four to five years. Maintenance and repairs are charged to expense as incurred.

Vacation Accrual Payable: Vacation earned by employees, but not taken at year-end, is reported as vacation accrual payable.

Net Assets Classes: Urban Roots reports the following net assets classes:

Net assets with donor restrictions: Not-for-profit organizations receive contributions and other resources whose use is limited by stipulations that are more specific than the broad limits resulting from the nature and purpose of an organization and its programs. Resources (net assets) with such stipulations that either expire by passage of time or can be fulfilled by actions of an organization are reported as net assets with donor restrictions.

Net assets without donor restrictions: Resources not included in the above classes are considered net assets without donor restrictions. While these resources are reported as net assets without donor restrictions, an organization manages them in compliance with their exempt purposes, Board of Director designations, legal requirements, and contractual obligations.

URBAN ROOTS
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Summary of Significant Accounting Policies - Continued

Income Tax Status: Urban Roots is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The management of Urban Roots believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The tax returns for the years ended July 31, 2018, and after, are open to examination by federal and local authorities.

Functional Expenses: Expenses are categorized by function in the statement of activities as either program or supporting services. Supporting services are further categorized as management and general expenses and fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based on management's estimate of time and resources devoted to that function.

Subsequent Events: Management of Urban Roots has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financials were available to be issued. See Note 11.

NOTE 2: AVAILABILITY AND LIQUIDITY

The following represents Urban Roots' financial assets at July 31, 2021 and 2020:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,414,805	\$ 1,119,574
Pledges receivable, net (current portion)	230,001	303,255
Other receivables	93,237	18,967
Total financial assets	1,738,043	1,441,796
Less amounts not available to be used within one year:		
Net assets with donor restrictions, not related to on-going programs	(818,180)	(703,045)
Total amount not available to be used within one year	(818,180)	(703,045)
Financial assets available to meet cash needs for general expenditures within one year	\$ 919,863	\$ 738,751

Urban Roots receives significant contributions 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.

URBAN ROOTS
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 2: AVAILABILITY AND LIQUIDITY - CONTINUED

Urban Roots manages its liquidity and reserves following these guiding principles: Urban Roots maintains adequate liquid assets to fund near-term operating needs, and maintains sufficient reserves to provide reasonable assurance that long-term obligations will be discharged; the organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses; Urban Roots has a policy to target a year-end balance of reserves of undesignated net assets without restrictions at 15 to 30 days of expected expenditures. Urban Roots also has a line of credit available if needed.

To achieve these targets, the entity creates a yearly budget with periodic reviews, forecasts future cash flows, monitors its liquidity quarterly, and monitors its reserves annually. During the years ended July 31, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable at year-end are as follows:

	2021	2020
Receivable in less than one year	\$ 267,921	\$ 332,400
Receivable in one to five years	53,249	266,970
Allowance for uncollectible pledges	(37,920)	(29,145)
Pledges receivable, net	\$ 283,250	\$ 570,225

The allowance for uncollectible pledges and the present value discount are considered accounting estimates. Due to the immaterial amount of discount calculated as of July 31, 2021 and 2020, no discounts to present value are reflected in the financial statements.

NOTE 4: COMMITMENTS – OPERATING LEASES

Urban Roots leases its office space from Austin Independent School District, under a non-cancellable operating lease at no cost with a twelve-month term which expires on June 30. This lease is renewable for a successive twelve-month term.

Urban Roots leases land for agricultural and teaching purposes under 2 leases. One lease is for Delwau farms, which is for payments of \$1,251 per month, expired on December 31, 2021, and continued on a month-to-month basis. One lease is with the City of Austin for Winnebago farms, which is for payments of \$1,000 per month, expiring on July 31, 2035, and has an extension option for an additional 15 years.

URBAN ROOTS
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 4: COMMITMENTS – OPERATING LEASES - CONTINUED

<u>Years Ending July 31:</u>		
2022	\$	18,255
2023		12,000
2024		12,000
2025		12,000
2026		12,000
Thereafter		<u>108,000</u>
	<u>\$</u>	<u>174,255</u>

Rental expense under operating leases for 2021 and 2020, was \$212,861 and \$66,159, respectively.

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

During 2021 and 2020, net assets of \$358,400 and \$287,279, respectively, were released from accompanying stipulations due to Urban Roots' actions or due to the passage of time and are considered net assets released from donor imposed restrictions. These funds are reported as transfers from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

At year end, Urban Roots had net assets with donor restrictions for the following purposes.

Funding Source	Amount		Restrictions Imposed by Funding
	2021	2020	
St. David's Foundation	\$ -	\$ 10,000	Capacity building
Alliance for Strong Families & Communities	-	1,952	Farm supplies
South Texas Outreach Foundation	-	15,000	Fall/Spring Food and Leadership Fellowship Program
USDA	247,267	-	Program expenses
It's Time Texas	17,982	-	Program expenses
Urban Roots Growth Campaign	552,931	676,093	
Total	\$ 818,180	\$ 703,045	

URBAN ROOTS
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 6: CONTRIBUTED GOODS AND SERVICES

In-kind donations of goods and services that would have otherwise been purchased total \$184,396 and \$35,921 for 2021 and 2020, respectively, and were recorded in the statement of activities.

No amounts have been reflected in the financial statements for donated services. Urban Roots generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in its programs and fund-raising events. These services do not meet the criteria for recognition as contributed services in accordance with FASB ASC 958. Urban Roots received approximately 4,788 and 5,494 volunteer hours in 2021 and 2020, respectively.

Urban Roots received the following non-cash donations of goods and services that have been reflected in the financial statements:

	2021	2020
Contributed goods		
Office facilities	\$ 35,831	\$ 35,921
Farm land	146,100	-
Special Events	2,465	10,754
 Total	 \$ 184,396	 \$ 46,675

NOTE 7: RELATED PARTY TRANSACTIONS

Certain members of the Board contributed \$20,405 and \$11,858 to Urban Roots during the years ended July 31, 2021 and 2020, respectively. At July 31, 2021 and 2020, there were pledges receivable from board members in the amount of \$6,674 and \$7,670, respectively.

NOTE 8: PAYCHECK PROTECTION PROGRAM

The COVID-19 outbreak and local stay-in-place orders have caused business disruptions throughout the local community. Management does not expect the situation to significantly impact the long-term viability of Urban Roots. Urban Roots applied for a Paycheck Protection Program (PPP) loan made available through the passing of the Cares Act and received \$130,000 in February 2021. Urban Roots has elected to account for the PPP loan as a conditional grant in accordance with FASB ASC Topic 958. As such, management believes they have spent the funds in accordance with the CARES Act and have recognized the entire amount as revenue. The balance at July 31, 2021, due on the PPP loan is \$130,000.

URBAN ROOTS
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 9: CONCENTRATION RISKS

Cash balances with a financial institution in excess of Federal Deposit Insurance Corporation (FDIC) insurance coverage are considered an off-balance sheet credit risk. Urban Roots does not require collateral for any of its deposits. Urban Roots maintains its funds in high quality financial institutions which, at times, may exceed FDIC limits. Urban Roots monitors its financial positions with the institutions and does not anticipate any nonperformance by the institutions. As of July 31, 2021, there was \$1,140,859, in cash balances which were not covered by FDIC insurance.

During the year ended July 31, 2021, 3 donors comprised 60% of contributions receivable and 2 entities comprised 38% of revenue. During the year ended July 31, 2020, 3 donors comprised 69% of contributions receivable and 21% of contribution revenue, respectively.

NOTE 10: CHANGE IN ACCOUNTING POLICY

During 2021, the capitalization policy for fixed assets was changed from a minimum purchase or donated value of \$1,000 to \$2,500, except for personal computers which are expensed. The adoption of this change in policy is applied retroactively and those changes are below.

Statement of Financial Position as of July 31, 2020

	As previously		
	stated	Restatement	As restated
Farm equipment	\$ 41,306	\$ (4,150)	\$ 37,156
Furniture and equipment	9,048	(2,630)	6,418
Accumulated depreciation	83,568	(5,459)	78,109
Net assets without donor restrictions	1,014,449	(1,321)	1,013,128

Statement of Activities Year Ended July 31, 2020

	As previously		
	stated	Restatement	As restated
Vehicle and transportation	\$ 6,062	\$ 1,390	\$ 7,452
Depreciation	17,222	(141)	17,081
Net assets, beginning of year	657,101	(72)	657,029

NOTE 11: SUBSEQUENT EVENT

On March 29, 2022, Urban Roots entered into an agreement to purchase Delwau Farms for \$325,000.