AUDITED FINANCIAL STATEMENTS

GROW FOOD NORTHAMPTON, INC.

Northampton, Massachusetts

December 31, 2021

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

GROW FOOD NORTHAMPTON, INC.

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BOISSELLE, MORTON & WOLKOWICZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Officers and Directors
Grow Food Northampton, Inc.
Northampton, Massachusetts

Opinion

We have audited the accompanying financial statements of Grow Food Northampton, 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 Grow Food Northampton, 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.

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 Grow Food Northampton, 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 Grow Food Northampton, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 auditors' 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 Grow Food Northampton, 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 Grow Food Northampton, 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.

Boisselle, Morton & Wolkowicz, LLP

Hadley, Massachusetts
September 19, 2022

GROW FOOD NORTHAMPTON, INC.

Statement of Financial Position

December 31, 2021

Assets

Current assets		
Cash	$	493,587
Accounts receivable		5,867
Grants receivable		32,481
Prepaid expenses		8,282
Total current assets		540,217
Property and equipment, net		697,487
Total assets	$	1,237,704

Liabilities and Net Assets

Current liabilities		
Accounts payable	$	6,127
Accrued expenses		40,025
Total current liabilities		46,152
Non-current liabilities		
Deferred revenue		112,669
Total liabilities		158,821
Net assets		
Without donor restrictions		
Board-designated		280,148
Undesignated		529,797
Total without donor restrictions		809,945
With donor restrictions		268,938
Total net assets		1,078,883
Total liabilities and net assets	$	1,237,704

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

GROW FOOD NORTHAMPTON, INC.

Statement of Activities

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Program service revenue	$ 101,082		$ 101,082
Contributions	215,048		215,048
Grants - non-government	61,355	$ 78,784	140,139
Grants - government	292,107		292,107
Interest income	158		158
Net assets released from restriction	129,981	(129,981)	
Total support and revenue	799,731	(51,197)	748,534
Expenses			
Program	505,397		505,397
Management and general	116,417		116,417
Fundraising	29,583		29,583
Total expenses	651,397		651,397
Change in net assets	148,334	(51,197)	97,137
Total change in net assets	148,334	(51,197)	97,137
Net assets, beginning of year	661,611	320,135	981,746
Net assets, end of year	$ 809,945	$ 268,938	$ 1,078,883

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

GROW FOOD NORTHAMPTON, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program									
	Food Access	Farmers Market	Education	Community Garden	Outreach	Community Farm	Total Program	Management and General	Fundraising	Total
Employee compensation	$ 74,175	$ 26,744	$ 77,377	$ 20,037	$ 30,210	$ 43,029	$ 271,572	$ 44,707	$ 20,682	$ 336,961
Produce expense	86,450	68,989	2,853				158,292			158,292
Professional fees						1,680	1,680	35,178		36,858
Depreciation						23,153	23,153			23,153
Materials and supplies	6,842	1,430	1,190	4,513	191	4,406	18,572	1,988		20,560
Rent and other occupancy	2,029	880	1,944	544	922	6,071	12,390	5,449	627	18,466
Temporary help	4,306	2,260	500	866	790		8,722	4,208	1,875	14,805
Fees	66	1,173				175	1,414	8,975		10,389
Insurance								7,413		7,413
Computer expenses	310				1,649		1,959	3,795	366	6,120
Printing and copying	356	794	455		726	199	2,530	395	2,445	5,370
Office	248	65	181		150		644	3,565	269	4,478
Postage	56	5					61	132	3,319	3,512
Stipends	3,156						3,156			3,156
Travel and meetings	1,021	87	70			74	1,252	612		1,864
	$ 179,015	$ 102,427	$ 84,570	$ 25,960	$ 34,638	$ 78,787	$ 505,397	$ 116,417	$ 29,583	$ 651,397

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

GROW FOOD NORTHAMPTON, INC.

Statement of Cash Flows

For the Year Ended December 31, 2021

Cash flows from operating activities		
Change in net assets	$	97,137
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		23,153
Forgiveness of SBA PPP loan		(48,228)
Change in assets and liabilities		
Accounts receivable		(1,379)
Contributions receivable		50,000
Grants receivable		(6,288)
Inventory		1,399
Prepaid expense		(3,558)
Intangible asset		4,405
Accounts payable		(5,544)
Accrued expenses		12,830
Deferred revenue		(704)
Net cash provided by operating activities		123,223
Cash flows from investing activities		
Purchase of property and equipment		(89,709)
Net cash used by investing activities		(89,709)
Cash flows from financing activities		
SBA PPP loan		48,228
Net cash provided by financing activities		48,228
Net increase in cash		81,742
Cash - beginning of year		411,845
Cash - end of year	$	493,587

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

1. Summary of Significant Accounting Policies

Nature of Business: Grow Food Northampton, Inc. (the "Organization") is a nonprofit organization incorporated in the Commonwealth of Massachusetts in 2010. The Organization is dedicated to building a just and resilient local food system that nourishes the community and protects and enriches the Earth. The Organization distributes local produce to hunger relief agencies and low-income households, leases land to locally-owned farms, provides food system education programs to children, and manages a farmer's market and community garden.

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America (GAAP).

Income Taxes: The Organization is a nonprofit corporation exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, except for net income derived from unrelated business activities. At December 31, 2021, the Organization has determined that they had no such unrelated business activities. Accordingly, no provision for federal and state income taxes is required. Management annually reviews its tax positions and has determined that there are no uncertain tax positions that require recognition in these financial statements.

Basis of Presentation: The Organization presents its financial statements according to two classes of net assets: those with donor restrictions and those without donor restrictions. Net assets with donor restrictions are subject to purpose or time restrictions imposed by donors and grantors. At the time that the purpose or time restriction is met, the amount is reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management 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 period. Actual results could differ from those estimates.

Cash: Cash consists of the balance in checking and savings accounts, cash on hand, and cash held by online merchant services companies.

Accounts, Contributions, and Grants Receivable: Accounts, contributions, and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to revenue and a credit to the valuation allowance based on management's assessment of the current status of individual accounts.

1. Summary of Significant Accounting Policies (Continued)

Accounts, Contributions, and Grants Receivable (Continued): Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management determined that no valuation allowance was necessary at December 31, 2021.

Property and Equipment: Property and equipment with a useful life greater than one year is capitalized. Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at the approximate fair value at the time of donation. Repair and maintenance costs are expensed as they are incurred. Depreciation is computed by the straight-line method over the following estimated useful lives:

Buildings	40 years
Land improvements	5-15 years
Equipment	3-5 years
Software	3 years

Revenue Recognition: The Organization recognizes contributions and grants when they are received or an unconditional promise to give is made. The Organization receives contract funding from the Commonwealth of Massachusetts to provide food access services to the public. Such contracts are nonreciprocal transactions and include conditions stipulated by the grantor and are therefore accounted for as conditional contributions. Contributions and grants with a right of return and measurable performance or other barriers are not recognized until the conditions on which they depend have been met. Cash received in advance of revenue being recognized is recorded as deferred revenue on the statement of financial position.

Program service revenue is recognized at a point in time when goods are transferred to the purchaser or over time as leases with local farmers and community members elapse.

Expense Allocation: The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses which are directly associated with program, management and general, or fundraising activities are charged directly to that function area. Certain other expenses have been allocated among program and supporting services based on time devoted by staff or square footage.

Advertising: The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as they are incurred.

2. Property and Equipment

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

Land	$559,970
Buildings	46,761
Land improvements	93,387
Equipment	108,352
Software	6,885
	815,355
Less accumulated depreciation	117,868
Property and equipment, net	$697,487

Depreciation expense was $23,153 for the year ended December 31, 2021.

3. Deferred Revenue

Deferred revenue represents payments received by the Organization for two long-term leases for the use of farmland owned by the Organization. Amounts deferred on these leases as of December 31, 2021 are:

198-year lease expiring in 2209	$ 88,802
99-year lease expiring in 2112	23,867
Total deferred revenue	$112,669

4. SBA PPP Loan

The Organization received a United States Small Business Administration (SBA) Paycheck Protection Program (PPP) Loan on January 22, 2021 in the amount of $48,228. This loan was forgiven by the SBA in August 2021 and is included in grants - government revenue on the statement of activities.

5. Retirement Plan

The Organization offers a 401(k) tax deferred savings plan for employees aged 21 and older who have completed a 3-month period of service as defined in the plan agreement. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization matches 100% of employee contributions up to 4% of compensation. The Organization made contributions totaling $10,713 to the plan for the year ended December 31, 2021 which are included in salaries and related on the statement of functional expenses.

6. Operating Lease

The Organization has a lease for its administrative offices expiring in November 2022. Future minimum lease payments are expected to be $9,460 for 2022.

7. Concentrations of Risk

During the year ended December 31, 2021, four grantors represented 72% of total grants - non-government and four grantors represented 97% of total grants - government.

As of December 31, 2021, two grantors represented 100% of grants receivable.

The Organization maintains its cash balances in financial institutions located in Massachusetts. These balances are insured by the Federal Deposit Insurance Corporation up to $250,000 and Depositors Insurance Fund for amounts over $250,000. The Organization has not experienced any losses in these accounts and management believes there is no significant risk on these cash balances.

8. Contingencies

The global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. Though management expects that the COVID-19 outbreak might adversely impact the Organization's future results, the Organization cannot at this time accurately predict the full extent to which the COVID-19 pandemic will affect the Organization's finances and operations.

9. Net Assets without Donor Restrictions, with Board Designations

The Organization's Board of Directors had designated funds for an operating reserve and a capital reserve. The operating reserve is to maintain a source of funds that enable the organization to manage cash flow, maintain financial flexibility, and sustain operations through disruptions and unforeseen changes in the level and/or timing of income and expenses each year. The capital reserve is to provide a source of funding to be used when outside funds are not available for infrastructure and capital improvement needs. These two funds are combined in one bank account that had a balance of $280,148 at December 31, 2021.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted to the following at December 31, 2021:

Food access programs	$139,376
Youth education programs	129,562
Net assets with donor restriction	$268,938

GROW FOOD NORTHAMPTON, INC.
Notes to Financial Statements (Continued)
December 31, 2021

11. Available Resources and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2021:

Cash	$ 493,587
Accounts receivable	5,867
Grants receivable	32,481
Less donor restricted cash	(268,938)
Total financial assets available for general expenditures within one year	$ 262,997

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

12. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of December 31, 2021, through September 19, 2022, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.