



Financial Statements

As of and for the years ended December 31, 2024 and 2023

Growing Hope, Inc.

Ypsilanti, Michigan



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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 statements of financial position as of December 31, 2024 and 2023 and the related statements of activities, functional expenses, and cash flows for the years 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audits. 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Altruic Advisors, CPAs
Certified Public Accountants

Plymouth, Michigan
July 16, 2025

Growing Hope, Inc.

Statements of Financial Position

December 31	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 933,368	\$ 650,648
Accounts receivable	2,041	4,568
Pledges and grants receivable, net	258,399	128,832
Prepaid expenses	2,997	3,100
Total current assets	<u>1,196,805</u>	<u>787,148</u>
Property and Equipment, net	<u>1,029,322</u>	<u>1,092,150</u>
Total assets	<u>\$ 2,226,127</u>	<u>\$ 1,879,298</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 5,395	\$ 1,343
Accrued payroll and payroll taxes	21,725	20,559
Funds held for others	19,471	10,727
Refundable advance	-	7,474
Deferred revenue	770	1,305
Accrued interest	159	170
Note payable, current portion	3,865	3,760
Total current liabilities	<u>51,385</u>	<u>45,338</u>
Long-Term Liabilities		
Note payable, net of current portion	<u>137,032</u>	<u>140,876</u>
Total liabilities	<u>188,417</u>	<u>186,214</u>
Net Assets		
Without donor restrictions		
Undesignated	<u>1,618,144</u>	<u>1,528,732</u>
Total without donor restrictions	<u>1,618,144</u>	<u>1,528,732</u>
With donor restrictions	<u>419,566</u>	<u>164,352</u>
Total net assets	<u>2,037,710</u>	<u>1,693,084</u>
Total liabilities and net assets	<u>\$ 2,226,127</u>	<u>\$ 1,879,298</u>

The accompanying Notes are an integral part of these financial statements

Growing Hope, Inc.

Statement of Activities

Year ended December 31, 2024

	Without donor Restrictions	With donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 649,071	\$ 467,057	\$ 1,116,128
Special events sponsorships and donations	27,226	-	27,226
In-kind contributions	3,500	-	3,500
Net assets released from restrictions			
Satisfaction of purpose restrictions	142,953	(142,953)	-
Expiration of time restrictions	68,890	(68,890)	-
Total operating support	<u>891,640</u>	<u>255,214</u>	<u>1,146,854</u>
Operating Revenue			
Rental income	56,723	-	56,723
Program revenue	26,258	-	26,258
Retail sales, net	74	-	74
Special events, net of expenses and net of support reported above	(149)	-	(149)
Total operating revenue	<u>82,906</u>	<u>-</u>	<u>82,906</u>
Total operating support and revenue	<u>974,546</u>	<u>255,214</u>	<u>1,229,760</u>
Operating Expenses			
Program services	736,597	-	736,597
Supporting services			
General and administrative	67,995	-	67,995
Fundraising	89,998	-	89,998
Total supporting services	<u>157,993</u>	<u>-</u>	<u>157,993</u>
Total operating expenses	<u>894,590</u>	<u>-</u>	<u>894,590</u>
Total operating support and revenue in excess of operating expenses	<u>79,956</u>	<u>255,214</u>	<u>335,170</u>
Other Changes			
Other revenue	502	-	502
Interest income	8,954	-	8,954
Total other changes	<u>9,456</u>	<u>-</u>	<u>9,456</u>
Change in Net Assets	<u>89,412</u>	<u>255,214</u>	<u>344,626</u>
Net Assets, Beginning of Year	<u>1,528,732</u>	<u>164,352</u>	<u>1,693,084</u>
Net Assets, End of Year	<u>\$ 1,618,144</u>	<u>\$ 419,566</u>	<u>\$ 2,037,710</u>

The accompanying Notes are an integral
part of these financial statements

Growing Hope, Inc.

Statement of Activities

Year ended December 31, 2023

	Without donor Restrictions	With donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 614,874	\$ 116,625	\$ 731,499
Special events sponsorships and donations	22,325	-	22,325
In-kind contributions	9,099	-	9,099
Net assets released from restrictions			
Satisfaction of purpose restrictions	154,615	(154,615)	-
Expiration of time restrictions	140,382	(140,382)	-
Total operating support	<u>941,295</u>	<u>(178,372)</u>	<u>762,923</u>
Operating Revenue			
Rental income	69,206	-	69,206
Program revenue	35,315	-	35,315
Special events, net of expenses and net of support reported above	1,366	-	1,366
Total operating revenue	<u>105,887</u>	<u>-</u>	<u>105,887</u>
Total operating support and revenue	<u>1,047,182</u>	<u>(178,372)</u>	<u>868,810</u>
Operating Expenses			
Program services	703,959	-	703,959
Supporting services			
General and administrative	59,417	-	59,417
Fundraising	61,032	-	61,032
Total supporting services	<u>120,449</u>	<u>-</u>	<u>120,449</u>
Total operating expenses	<u>824,408</u>	<u>-</u>	<u>824,408</u>
Total operating support and revenue in excess (deficit) of operating expenses	<u>222,774</u>	<u>(178,372)</u>	<u>44,402</u>
Other Changes			
Other revenue	300	-	300
Interest income	5,687	-	5,687
Total other changes	<u>5,987</u>	<u>-</u>	<u>5,987</u>
Change in Net Assets	228,761	(178,372)	50,389
Net Assets, Beginning of Year	<u>1,299,971</u>	<u>342,724</u>	<u>1,642,695</u>
Net Assets, End of Year	<u>\$ 1,528,732</u>	<u>\$ 164,352</u>	<u>\$ 1,693,084</u>

The accompanying Notes are an integral
part of these financial statements

Growing Hope, Inc.

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and wages	\$ 390,894	\$ 43,181	\$ 72,542	\$ 506,617
Payroll taxes	34,864	3,198	2,672	40,734
Employee benefits	36,915	959	4,812	42,686
Total personnel costs	462,673	47,338	80,026	590,037
Depreciation	73,218	-	-	73,218
Repairs and maintenance	64,427	1,571	1,313	67,311
Occupancy	27,318	731	611	28,660
Other professional fees	23,760	-	200	23,960
Program supplies	22,458	-	-	22,458
Professional fees	-	13,452	-	13,452
Insurance	10,274	806	674	11,754
IT expenses	7,674	902	1,436	10,012
Miscellaneous	9,044	263	123	9,430
Grants	8,349	-	-	8,349
Printing and postage	3,425	345	4,296	8,066
Conferences and meetings	6,414	310	259	6,983
Bank and service charges	3,430	1,693	2	5,125
Office expense	3,989	206	172	4,367
Interest expense	3,373	309	259	3,941
Volunteer expenses	3,747	-	-	3,747
Advertising and promotions	1,828	69	58	1,955
Travel	1,196	-	-	1,196
Fundraising expenses	-	-	569	569
Total expenses	\$ 736,597	\$ 67,995	\$ 89,998	\$ 894,590

The accompanying Notes are an integral
part of these financial statements

Growing Hope, Inc.

Statement of Functional Expenses

Year ended December 31, 2023

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and wages	\$ 392,445	\$ 34,774	\$ 37,920	\$ 465,139
Payroll taxes	33,565	2,588	3,663	39,816
Employee benefits	26,832	817	1,298	28,947
Total personnel costs	452,842	38,179	42,881	533,902
Depreciation	62,217	4,797	6,790	73,804
Grants	68,165	-	-	68,165
Occupancy	25,780	484	699	26,963
Repairs and maintenance	23,860	290	417	24,567
Program supplies	19,906	-	-	19,906
Professional fees	-	12,715	-	12,715
Insurance	10,269	648	925	11,842
IT expenses	6,601	831	1,619	9,051
Bank and service charges	4,260	39	3,892	8,191
Other professional fees	7,850	-	-	7,850
Conferences and meetings	5,930	790	411	7,131
Printing and postage	2,923	225	2,793	5,941
Miscellaneous	4,263	65	105	4,433
Interest expense	3,399	262	371	4,032
Volunteer expenses	3,225	-	-	3,225
Office expense	1,344	53	75	1,472
Advertising and promotions	1,125	39	54	1,218
Total expenses	<u>\$ 703,959</u>	<u>\$ 59,417</u>	<u>\$ 61,032</u>	<u>\$ 824,408</u>

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	2024	2023
Cash Flows From Operating Activities		
Change in net assets	\$ 344,626	\$ 50,389
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Equipment received by donation	-	(1,849)
Grant redistribution of donated equipment	1,849	-
Depreciation	73,218	73,804
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	2,527	3,896
Pledges and grants receivable	(129,567)	75,589
Prepaid expenses	103	33
Accounts payable	4,052	(3,373)
Accrued payroll and payroll taxes	1,166	2,989
Funds held for others	8,744	(4,120)
Refundable advance	(7,474)	7,474
Deferred revenue	(535)	1,305
Accrued interest	(11)	-
Net cash provided by operating activities	<u>298,698</u>	<u>206,137</u>
Cash Flows From Investing Activities		
Purchases of equipment	(12,239)	-
Net cash used by investing activities	<u>(12,239)</u>	<u>-</u>
Cash Flows From Financing Activities		
Payments on note payable	(3,739)	(3,660)
Net cash used by financing activities	<u>(3,739)</u>	<u>(3,660)</u>
Net Increase in Cash and Cash Equivalents	282,720	202,477
Cash and Cash Equivalents, Beginning of Year	650,648	448,171
Cash and Cash Equivalents, End of Year	\$ 933,368	\$ 650,648
Supplemental Information		
Cash paid for interest	<u>\$ 3,952</u>	<u>\$ 4,032</u>

The accompanying Notes are an integral
part of these financial statements

Growing Hope, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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, special events, and programmatic income.

Description of 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 to the Organization's urban farm demonstration gardens. The Organization supports Ypsilanti home, community, and school gardens by providing raised beds, compost, seedling/seeds, tools, and mentorship.

Farmers Market. The Organization emphasizes increasing access to local fresh foods for underserved populations. It manages the Depot Town Ypsilanti Farmers Market, which provides a vibrant community space for local farmers and food makers to sell directly to customers. Additionally, it manages the Ypsi Area Online Market, a safe and convenient option. The markets accept six forms of food assistance benefits and facilitate programming such as food demonstrations, special events, and the Power of Produce Club at the Ypsilanti Farmers 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 several city, county, and statewide coalitions and networks, advocating for food justice and an equitable and sustainable local food system.

Growing Hope, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

Description of 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.

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 presented net of an allowance for credit losses, which is an estimate of the amount that may not be collectible. In determining the amount of the allowance as of the balance sheet date, the Organization separates accounts receivable into risk pools based on their aging and develops a loss rate for each pool. The loss rate is based on management's historical collection experience, adjusted for expectations about current and future economic conditions, and the creditworthiness of the payor. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. Management has determined that all amounts are collectible and, therefore, has not recorded an allowance for credit losses at December 31, 2024 and 2023.

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 at December 31, 2024 and 2023.

Growing Hope, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

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, 2024 and 2023 was \$73,218 and \$73,804, respectively.

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, 2024 and 2023.

Right-of-Use Assets and Leases. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current portion of lease obligations, and long-term lease obligations on the Organization's statements of financial position. ROU lease assets represent the Organization's right to use an underlying asset for the lease term and lease obligations represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization's lease does not provide an implicit rate, therefore, the Organization uses a risk-free borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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.

Growing Hope, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

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. The Organization records the fair value of contributed services in the financial statements if services received either (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition. The Organization received donated goods and services for the years ended December 31, 2024 and 2023 (see Note 6).

Revenue Recognition.

Timing of Satisfaction. The Organization satisfies its performance obligations for the farmers market, online market, and merchandise sales upon point of sale. Booth fees are earned each week as the market occurs. Rental income is earned each month if the lease is 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 goods and services.

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

	<u>2024</u>	<u>2023</u>
Accounts receivable, beginning of year	\$ 4,568	\$ 8,464
Accounts receivable, end of year	\$ 2,041	\$ 4,568
Deferred revenue, beginning of year	\$ 1,305	\$ -
Deferred revenue, end of year	\$ 770	\$ 1,305

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 \$1,955 and \$1,218 for the years ended December 31, 2024 and 2023, 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.

Growing Hope, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

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, 2023 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 16, 2025, the date at which the financial statements were available for release.

Note 2 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 1,344,366	\$ 1,337,327
Land	225,000	225,000
Vehicles	41,493	41,493
Furniture and equipment	17,042	17,192
	<u>1,627,901</u>	<u>1,621,012</u>
Less accumulated depreciation	(598,579)	(528,862)
Net property and equipment	<u>\$ 1,029,322</u>	<u>\$ 1,092,150</u>

Note 3 – Note Payable

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.

Less current portion

	<u>2024</u>	<u>2023</u>
	\$ 140,897	\$ 144,636
	<u>(3,865)</u>	<u>(3,760)</u>
	<u>\$ 137,032</u>	<u>\$ 140,876</u>

Growing Hope, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 3 – Note Payable (continued)

Scheduled maturities of the long-term note payable are as follows at December 31, 2024:

Year ended Dec 31	Total
2025	\$ 3,865
2026	3,974
2027	4,085
2028	4,199
2029	4,316
Thereafter	120,458
	<u>\$ 140,897</u>

Note 4 – Commitments and Subsequent Event

Operating Leases. The Organization leases office equipment under a noncancelable operating lease agreement that expired in March 2025. Total current monthly rent payments are \$169. Rent expense under the lease was \$2,190 and \$2,028 for the years ended December 31, 2024 and 2023, respectively. As management believes that the total of future required payments under the aforementioned lease is not material to the overall financial statements, management has elected to not account for this lease under current accounting standards for long-term leases (see Note 1).

Future annual minimum lease payments under the operating lease are as follows at December 31, 2024:

Year ended December 31,	Total
2025	<u>\$ 507</u>

Subsequent Lease Agreement. Subsequent to year-end, the Organization signed a noncancelable operating lease for office equipment. The lease commenced in February 2025 and expires in January 2030.

Rental Income. The Organization leased space to a local business. This noncancelable operating lease required monthly payments of \$800 and was canceled in April 2023. Rental income under this agreement totaled \$3,200 for the year ended December 2023.

The Organization also leases out kitchen space and event space to various local businesses on a short-term basis. Rental income from these entities totaled \$56,723 and \$66,006 for the years ended December 31, 2024 and 2023, respectively.

Growing Hope, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 5 – Net Assets with Donor Restrictions

The balance of net assets with donor restrictions at December 31, 2024 is as follows:

	January 1, 2024	Additions	Releases	December 31, 2024
Time restrictions:				
Pledges and grants receivable	\$ 101,390	\$ 179,141	\$ 68,890	\$ 211,641
Purpose restrictions:				
Youth Program	33,013	116,416	64,139	85,290
Farm	-	26,500	-	26,500
Home vegetable garden	-	40,000	17,150	22,850
Marketplace Kitchen	1,271	10,000	2,113	9,158
Senior Support	12,706	40,000	16,042	36,664
Farmer's market	6,237	45,000	26,841	24,396
Workshops	5,000	-	5,000	-
CSA subscriptions	4,735	-	4,735	-
Technology	-	10,000	6,933	3,067
Total	<u>\$ 164,352</u>	<u>\$ 467,057</u>	<u>\$ 211,843</u>	<u>\$ 419,566</u>

The balance of net assets with donor restrictions at December 31, 2023 is as follows:

	January 1, 2023	Additions	Releases	December 31, 2023
Time restrictions:				
Pledges and grants receivable	\$ 187,382	\$ 54,390	\$ 140,382	\$ 101,390
Purpose restrictions:				
Youth Program	75,953	20,000	62,940	33,013
Farm	31,237	-	31,237	-
Home vegetable garden	7,792	-	7,792	-
Marketplace Kitchen	20,914	7,500	27,143	1,271
Westside Farmers Market	7,792	-	7,792	-
Senior support	7,718	15,000	10,012	12,706
Farmer's market	3,936	10,000	7,699	6,237
Workshops	-	5,000	-	5,000
CSA subscriptions	-	4,735	-	4,735
Total	<u>\$ 342,724</u>	<u>\$ 116,625</u>	<u>\$ 294,997</u>	<u>\$ 164,352</u>

Note 6 – In-Kind Contributions

In-kind contributions are as follows for the years ended December 31:

	2024	2023	Usage
Donated goods	\$ -	\$ 5,799	Programming
Donated services	-	3,300	Programming
Donated vehicle	3,500	-	Programming
	<u>\$ 3,500</u>	<u>\$ 9,099</u>	

Growing Hope, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 6 – In-Kind Contributions (continued)

The Organization received donated goods and vehicles that were valued using fair value of the items based on retail values that would be received for purchasing similar products and vehicles in the Ypsilanti, Michigan area. The Organization received donated services valued using estimated average hourly wage for identical services using pricing data of similar services under a 'like-kind' methodology, considering the utility of the services at the time of the contribution. No in-kind contributions were restricted. The Organization does not sell donated gifts in kind, and only uses goods, services, and vehicles for its own program or supporting service activities.

Note 7 – Special Events

The Organization derived net income (loss) from the following special fundraising events during the year ended December 31, 2024:

	Chefs in the Garden	Spring Raffle	Fall Auction	Total
Ticket sales	\$ 3,776	\$ 2,420	\$ -	\$ 6,196
Direct costs	(5,727)	(347)	(271)	(6,345)
	<u>\$ (1,951)</u>	<u>\$ 2,073</u>	<u>\$ (271)</u>	<u>\$ (149)</u>

Additionally, the Organization raised \$27,226 in sponsorships and donations as a result of these events.

The Organization derived net income (loss) from the following special fundraising events during the year ended December 31, 2023:

	Evening of Hope	Spring Raffle	Fall Auction	Total
Ticket and auction sales	\$ 600	\$ 1,735	\$ -	\$ 2,335
Direct costs	(621)	(142)	(206)	(969)
	<u>\$ (21)</u>	<u>\$ 1,593</u>	<u>\$ (206)</u>	<u>\$ 1,366</u>

Additionally, the Organization raised \$22,325 in sponsorships and donations as a result of these events.

Note 8 – 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 and purpose-restricted 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, 2024 and 2023, the level of liquidity and reserves was managed within the policy requirements.

Growing Hope, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 8 – Liquidity and Availability of Resources (continued)

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

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 933,368	\$ 650,648
Accounts receivable	2,041	4,568
Pledges and grants receivable	<u>258,399</u>	<u>128,832</u>
 Financial assets available for general expenditures within one year	 <u>\$ 1,193,808</u>	 <u>\$ 784,048</u>

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, 2024 will be fully released during the next fiscal year.

Note 9 – Beneficial Interest in Assets Held at Community Foundation

The Ann Arbor Community Foundation ("the Foundation") acts under an arrangement as a depository for gifts, conveyances, and other transfers intended to assist Growing Hope in achieving its goals and purposes. At December 31, 2024 and 2023, the Foundation held donations of \$369,785 and \$330,632, respectively, for the benefit of Growing Hope. As the Foundation holds variance power over these assets and, therefore, has the authority to redirect these funds, these amounts are not recorded as assets of the Organization.

Note 10 – Concentration of Credit Risk

Bank Deposits. At certain times during the years ended December 31, 2024 and 2023, 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, 2024, the Organization had one grantor and one donor who together comprised approximately 25% of total support and revenue. During the year ended December 31, 2023, the Organization had one grantor who comprised approximately 22% of total support and revenue.

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