AUDITED FINANCIAL STATEMENTS

GROW FOOD NORTHAMPTON, INC.

Northampton, Massachusetts

December 31, 2023

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

GROW FOOD NORTHAMPTON, INC.

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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, 2023, 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, 2023, 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.

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.

Report on Summarized Comparative Information

We have previously audited Grow Food Northampton, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boisselle, Morton & Wolkowicz, LLP

Hadley, Massachusetts
August 12, 2024

GROW FOOD NORTHAMPTON, INC.
Statement of Financial Position
December 31, 2023
(with comparative totals for December 31, 2022)

	2023	2022
Assets		
Current assets		
Cash	$ 313,254	$ 397,109
Accounts receivable	6,131	6,169
Contributions receivable	2,000	6,990
Grants receivable	73,349	63,289
Prepaid expenses	11,441	16,492
Certificates of deposit	269,646	
Total current assets	675,821	490,049
Property and equipment, net	717,489	705,227
Other non-current assets		
Right-of-use asset	30,680	40,084
Total assets	$ 1,423,990	$ 1,235,360
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 52,118	$ 22,835
Accrued expenses	56,236	41,400
Lease liability, current portion	9,787	9,404
Total current liabilities	118,141	73,639
Non-current liabilities		
Lease liability, net of current portion	20,893	30,680
Refundable advance	51,074	
Deferred revenue	117,928	111,965
Total non-current liabilities	189,895	142,645
Total liabilities	308,036	216,284
Net assets		
Without donor restrictions		
Board-designated	270,666	265,604
Undesignated	729,523	589,986
Total without donor restrictions	1,000,189	855,590
With donor restrictions	115,765	163,486
Total net assets	1,115,954	1,019,076
Total liabilities and net assets	$ 1,423,990	$ 1,235,360

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

GROW FOOD NORTHAMPTON, INC.

Statement of Activities

For the Year Ended December 31, 2023

(with comparative totals for the year ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Program service revenue	$ 148,637		$ 148,637	$ 144,243
Contributions	341,522		341,522	262,433
Grants - non-government	261,053	$ 25,000	286,053	181,244
Grants - government	393,950		393,950	145,373
Interest income	5,063		5,063	321
Gain from sale of property and equipment	5,000		5,000	
Net assets released from restriction	72,721	(72,721)		
Total support and revenue	1,227,946	(47,721)	1,180,225	733,614
Expenses				
Program	910,472		910,472	625,905
Management and general	85,294		85,294	124,143
Fundraising	87,581		87,581	43,373
Total expenses	1,083,347		1,083,347	793,421
Change in net assets	144,599	(47,721)	96,878	(59,807)
Net assets, beginning of year	855,590	163,486	1,019,076	1,078,883
Net assets, end of year	$ 1,000,189	$ 115,765	$ 1,115,954	$ 1,019,076

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, 2023
(with comparative totals for the year ended December 31, 2022)

	2023										2022
	Program										
	Food Access	Farmers Market	Education	Community Garden	Outreach	Community Farm	Total Program	Management and General	Fundraising	Total	Total
Employee compensation	$ 228,493	$ 45,428	$ 33,677	$ 722	$ 53,311	$ 45,000	$ 406,631	$ 27,227	$ 78,384	$ 512,242	$ 419,173
Produce expense	194,988	136,345					331,333			331,333	173,171
Professional fees	10,239	5,854	642	127	1,955	11,593	30,410	29,257		59,667	57,402
Materials and supplies	14,648	1,494	608	5,215	591	18,963	41,519	1,934	206	43,659	25,592
Depreciation						31,140	31,140			31,140	30,190
Rent and other occupancy	8,387	2,595	76	929	46	4,495	16,528	7,341		23,869	25,130
Temporary help	10,315	2,004	129	25	226	4,997	17,696	160	324	18,180	7,726
Computer expenses	1,886	2,294	393	78	789	953	6,393	10,075	315	16,783	9,080
Office	621	264	47	10	4,400	116	5,458	1,064	7,109	13,631	16,688
Stipends	9,494					200	9,694	300		9,994	6,327
Fees	88	225	7	1	12	108	441	6,880	60	7,381	9,511
Insurance	2,906	1,241	225	44	397	546	5,359	335	678	6,372	6,564
Travel and meetings	1,977	653	126	5	355	456	3,572	690	143	4,405	3,652
Printing and copying	978	823	361	1	1,848	29	4,040	21	18	4,079	2,423
Postage	186	36	7	1	12	16	258	10	344	612	792
	$ 485,206	$ 199,256	$ 36,298	$ 7,158	$ 63,942	$ 118,612	$ 910,472	$ 85,294	$ 87,581	$ 1,083,347	$ 793,421

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, 2023

(with comparative totals for the year ended December 31, 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 96,878	$ (59,807)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	31,140	30,190
Amortization of right-of-use asset	9,404	8,603
Gain on sale of property and equipment	(5,000)	
Change in assets and liabilities		
Accounts receivable	38	(302)
Contributions receivable	4,990	(6,990)
Grants receivable	(10,060)	(30,808)
Prepaid expenses	5,051	(8,210)
Accounts payable	29,283	16,708
Accrued expenses	14,836	1,375
Lease liability	(9,404)	(8,603)
Refundable advance	51,074	
Deferred revenue	5,963	(704)
Net cash provided (used) by operating activities	224,193	(58,548)
Cash flows from investing activities		
Proceeds from sale of property and equipment	5,000	
Purchase of certificates of deposit	(265,068)	
Interest credited to certificates of deposit	(4,578)	
Purchase of property and equipment	(43,402)	(37,930)
Net cash used by investing activities	(308,048)	(37,930)
Net decrease in cash	(83,855)	(96,478)
Cash, beginning of year	397,109	493,587
Cash, end of year	$ 313,254	$ 397,109
Supplemental disclosure of cash flow information		
Right-of-use asset obtained in exchange for lease liabilities		$ 48,687

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, 2023 and 2022, 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.

Accounting Standards Adopted in the Current Year: In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326). ASC 326 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected.

1. Summary of Significant Accounting Policies (Continued)

Accounting Standards Adopted in the Current Year (Continued): The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13. The Organization adopted this change in accounting principle as of January 1, 2023 using the modified retrospective method. Accordingly, there has been no adjustment of financial information for periods prior to 2023.

Accounts Receivable: Accounts receivable include receivables of program service revenue, such as garden plot fees and farm lease fees, and are stated net of an allowance for credit losses. For all accounts receivable, the Organization uses the aging method to determine the allowance for credit losses with consideration of default probability as a key risk characteristic. Management provides for the allowance through a charge to revenue and a credit to the valuation allowance based on an estimation using historical loss data, adjusted for current conditions and reasonable and supportable forecasts of future credit losses. 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. At December 31, 2023 and 2022, management determined that any valuation allowance would be immaterial to the financial statements as a whole and recorded accounts receivable at their gross amounts.

Contributions and Grants Receivable: Contributions and grants receivable are outside the scope of ASC 326. All contributions and grants receivable are expected to be collected within one year and are recorded at net realizable value. Management expects to collect all contributions and grants receivable and determined that no valuation allowance was necessary at December 31, 2023 and 2022.

Property and Equipment: Property and equipment with a cost greater than $3,500 and 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 related to such contributions and grants whose conditions have not yet been met is recorded as refundable advance on the statement of financial position.

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued): 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. Cash received in advance of program service revenue being recognized is recorded as deferred revenue on the statement of financial position.

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, management and general and fundraising, 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.

Leases: The Organization leases its office space. Under Accounting Standards Codification (ASC) 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

The operating lease is included in the right-of-use (ROU) asset and current and non-current portions of the lease liability in the statement of financial position. ROU asset represents the Organization's right to use the underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses a risk-free rate equal to the treasury rate for treasury securities approximating the lease length to determine the present value of lease payments when a lease's implicit rate is not available at lease commencement.

ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise the option.

Fair Value Measurements: Accounting standards have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

1. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued): Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets. Market price is generally obtained from exchange or dealer markets.
Level 2	Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Unobservable and significant to the fair value measurement.

The certificates of deposit are valued at their original cost plus accrued interest, which approximates fair value. The certificates of deposit are classified as Level 2 assets.

Comparative Information: The financial statements include certain prior year summarized comparative information in total but not by functional expense category or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's 2022 audited financial statements from which the summarized information was derived.

2. Property and Equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Land	$559,970	$559,970
Buildings	65,078	49,761
Land improvements	128,317	128,317
Equipment	125,437	108,352
Software	6,885	6,885
	885,687	853,285
Less accumulated depreciation	168,198	148,058
Property and equipment, net	$717,489	$705,227

Depreciation expense was $31,140 and $30,190 for the years ended December 31, 2023 and 2022, respectively. During 2023, the Organization sold a fully depreciated piece of equipment for $5,000 and recorded the gain in the statement of activities for the year ended December 31, 2023.

3. Deferred Revenue

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

	2023	2022
198-year lease expiring in 2209	$ 87,852	$ 88,327
99-year lease expiring in 2112	23,376	23,638
1-year lease expiring in 2024	6,700	
Total deferred revenue	$117,928	$111,965

4. 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 $18,428 and $12,701 to the plan for the years ended December 31, 2023 and 2022, respectively, which are included in employee compensation on the statement of functional expenses.

5. Lease Commitment

The Organization leases its administrative offices on a year-to-year basis with the current lease expiring in November 2024 but expects to continue the lease indefinitely. In determining the Organization's ROU asset and lease liability, a standard commercial lease term of five years was used, with a monthly payment approximately equal to $900 expecting to end in November 2026.

The present value of the ROU asset and lease liability was calculated utilizing an approximation of the five-year treasury rate at lease commencement (4% at November 1, 2022). Lease expense related to this lease was $10,880 and $10,360 for the years ending December 31, 2023 and 2022, respectively, and is included in rent and other occupancy on the statement of functional expenses.

Maturities of the lease liability are approximately as follows for the years ending December 31:

2024	$10,800
2025	10,800
2026	9,900
Total lease payments	31,500
Less: interest	820
	$30,680

6. Concentrations of Risk

During the year ended December 31, 2023, three grantors represented 56% of total grants - non-government and one grantor represented 91% of total grants – government.

During the year ended December 31, 2022, three grantors represented 63% of total grants - non-government and two grantors represented 81% of total grants – government.

At December 31, 2023 and 2022, 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.

7. Net Assets without Donor Restrictions, with Board Designations

The Organization's Board of Directors has 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 and held in the certificates of deposit as well as a bank account and had a balance of $270,666 and $265,604 at December 31, 2023 and 2022, respectively.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows at December 31:

	2023	2022
Food access programs	$ 12,500	$ 15,923
Youth education programs	101,265	112,563
Restricted by time	2,000	35,000
Net assets with donor restriction	$115,765	$163,486

9. 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, comprised the following at December 31:

	2023	2022
Cash	$ 313,326	$ 397,109
Accounts receivable	6,131	6,169
Contributions receivable	2,000	6,990
Grants receivable	73,349	63,289
Certificates of deposit	269,646	
Less refundable advance	(51,074)	
Less donor restricted amounts	(115,765)	(163,486)
Total financial assets available for general expenditures within one year	$ 497,613	$ 310,071

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.

10. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of December 31, 2023, through August 12, 2024, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.