

COMMUNITY HARVEST PROJECT, INC.  
North Grafton, Massachusetts

FINANCIAL STATEMENTS  
December 31, 2012 and 2011

WITH  
INDEPENDENT ACCOUNTANT'S REVIEW REPORT

COMMUNITY HARVEST PROJECT, INC.  
North Grafton, Massachusetts

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**CAMPANA, SARZA & TATEWOSIAN, LLP**

CERTIFIED PUBLIC ACCOUNTANTS  
300 METRO CENTER BLVD., SUITE 225  
WARWICK, RI 02886

TELEPHONE: 401-773-7873  
FAX: 401-773-7875

MEMBER AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of  
Community Harvest Project, Inc.  
North Grafton, Massachusetts

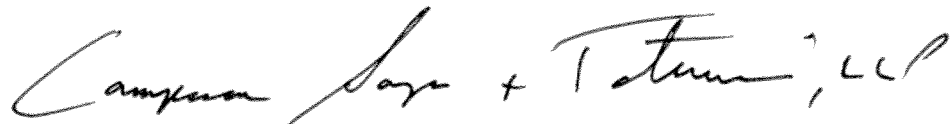
INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying statements of financial position of Community Harvest Project, Inc., (a nonprofit corporation) as of December 31, 2012 and 2011, and the related statements of activities and functional expenses for the year then ended and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The prior year summarized comparative information has been derived from Community Harvest Project, Inc.'s 2011 reviewed financial statements, and, in our report dated March 22, 2012, we did not express an opinion on those 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



April 26, 2013

COMMUNITY HARVEST PROJECT, INC.  
North Grafton, Massachusetts

STATEMENTS OF FINANCIAL POSITION  
December 31, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$213,013	\$182,836
Loan receivable	<u>2,950</u>	<u>2,950</u>
Total current assets	\$215,963	\$185,786
PROPERTY AND EQUIPMENT, NET:	<u>115,752</u>	<u>48,521</u>
TOTAL ASSETS	<u>\$331,715</u>	<u>\$234,307</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ <u>3,138</u>	\$ <u>7,333</u>
NET ASSETS:		
Unrestricted	\$328,577	\$226,520
Temporarily restricted	<u>-0</u>	<u>454</u>
Total net assets	\$328,577	\$226,974
TOTAL LIABILITIES AND NET ASSETS	<u>\$331,715</u>	<u>\$234,307</u>

See independent accountant's review report and notes to the financial statements.

COMMUNITY HARVEST PROJECT, INC.  
North Grafton, Massachusetts

STATEMENT OF ACTIVITIES

For the year ended December 31, 2012 with comparative totals for 2011

	<u>2012</u>			<u>2011</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>				
Contributions and grants	\$235,243	\$ -0	\$ -0	\$238,675
Fundraising	178,927	-0	-0	120,762
Expense sharing	6,574	-0	-0	9,012
Interest income	124	-0	-0	17
Net assets released from restrictions	454	( 454)	-0	-0
Total revenue and support	<u>\$421,322</u>	<u>(\$ 454)</u>	<u>\$ -0</u>	<u>\$368,466</u>
<b>EXPENSES:</b>				
Program expenses	<u>\$182,327</u>	<u>\$ -0</u>	<u>\$ -0</u>	<u>\$151,014</u>
Supporting expenses:				
General and administrative	\$ 74,838	\$ -0	\$ -0	\$ 54,675
Fundraising	64,396	-0	-0	74,482
Total supporting expenses	<u>\$139,234</u>	<u>\$ -0</u>	<u>\$ -0</u>	<u>\$129,157</u>
Total program and supporting expenses	<u>\$321,561</u>	<u>\$ -0</u>	<u>\$ -0</u>	<u>\$280,171</u>
<b>CHANGES IN NET ASSETS BEFORE OTHER CHANGES</b>	\$ 99,761	\$ -0	\$ -0	\$ 88,295
<b>OTHER CHANGES</b>				
Gain on sale of equipment	<u>2,296</u>	<u>-0</u>	<u>-0</u>	<u>13,178</u>
<b>TOTAL CHANGES IN NET ASSETS</b>	<u>\$102,057</u>	<u>(\$ 454)</u>	<u>\$ -0</u>	<u>\$101,473</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>226,520</u>	<u>454</u>	<u>-0</u>	<u>125,501</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$328,577</u>	<u>\$ -0</u>	<u>\$ -0</u>	<u>\$226,974</u>

See independent accountant's review report and notes to the financial statements.

COMMUNITY HARVEST PROJECT, INC.  
North Grafton, Massachusetts

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2012 with comparative totals for 2011

	2012			2011
	General	Fundraising	Total	Total
	Program Expenses	Administrative	Fundraising	Total
Salaries and wages	\$ 94,615	\$50,093	\$27,881	\$172,589
Taxes	5,989	3,171	1,765	10,925
Professional fees	-0	5,239	-0	5,239
Office expenses	-0	9,898	-0	9,898
Insurance	-0	6,437	-0	6,437
Utilities	1,566	-0	-0	1,566
Travel	1,830	-0	-0	1,830
Other program expenses	3,276	-0	-0	3,276
Depreciation	21,712	-0	-0	21,712
Farm expenses	53,339	-0	-0	53,339
Fundraising	-0	-0	34,750	34,750
	<u>\$182,327</u>	<u>\$74,838</u>	<u>\$64,396</u>	<u>\$321,561</u>
				<u>\$112,444</u>
				9,954
				20,430
				5,441
				3,471
				1,318
				254
				-0
				14,475
				59,007
				<u>53,377</u>
				<u>\$280,171</u>

See independent accountant's review report and notes to the financial statements.

COMMUNITY HARVEST PROJECT, INC.  
North Grafton, Massachusetts

STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>OPERATING ACTIVITIES:</b>		
Change in net assets	\$101,603	\$101,473
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	21,712	14,475
Noncash contributions	( 26,591)	-0
Gain on sale of equipment	( 2,296)	-0
(Decrease) increase in accounts payable and accrued liabilities	( 4,195)	5,738
Net cash provided by operating activities	<u>\$ 90,233</u>	<u>\$121,686</u>
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(\$ 67,056)	(\$ 44,200)
Proceeds from sale of equipment	<u>7,000</u>	<u>-0</u>
Net cash used in investing activities	<u>(\$ 60,056)</u>	<u>(\$ 44,200)</u>
<b>FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	<u>\$ -0</u>	<u>(\$ 3,522)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 30,177</b>	<b>\$ 73,964</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>182,836</u></b>	<b><u>108,872</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$213,013</u></b>	<b><u>\$182,836</u></b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
<b>CASH PAID FOR:</b>		
Interest	\$ -0	\$ -0
Taxes	-0	-0
<b>NONCASH INVESTING ACTIVITIES:</b>		
Donated equipment	\$ 26,591	\$ -0
Capitalized donated equipment	( 26,591)	-0

See independent accountant's review report and notes to the financial statements.

COMMUNITY HARVEST PROJECT, INC.  
North Grafton, Massachusetts

NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

Note 1. NATURE OF ACTIVITIES

Community Harvest Project (hereinafter the “Organization”) began charitable work in 1998 and received tax exempt status as a not-for-profit corporation under the Laws and Statutes of the Commonwealth of Massachusetts in 2003. The Organization’s purpose is to relieve the problem of hunger in the Worcester County area of Massachusetts. The Organization operates a farm for the purpose of supplying area food pantries with fresh produce. Contribution and fundraising revenues are used to cover the cost of operating the farm and volunteers provide the labor needed to work the farm.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization follows the requirements of ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue and Support

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



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Gifts of depreciable property and equipment received with explicit donor stipulations that specify how the assets are to be used or how long they are to be maintained and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Absent explicit donor stipulations about how gifts of depreciable property and equipment must be used and how long they must be maintained, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. Contributions of non-cash assets are recorded at their approximate fair values in the period received.

Cash and Cash Equivalents

For the purpose of presentation in the Organization's statement of cash flows, cash equivalents are short-term, highly liquid investments with an original maturity of less than three months that are readily convertible to known amounts of cash and are so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Property and Equipment

Property and equipment additions exceeding \$2,000 are recorded at cost, if purchased, and at approximate fair market value, if contributed. Major additions and improvements are charged to property accounts, while betterments, replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed in the year incurred.

Depreciation of property and equipment is computed using the straight-line method.

Income Taxes

The Organization is classified as a tax-exempt, not-for-profit organization under Internal Revenue Service Code Section 501(c)(3). In addition, the Organization qualifies for the charitable contribution deduction under Section 170 and has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, income related to the Organization's charitable purpose is tax exempt. However, should the Organization have unrelated business income it would be taxable. For the years ended December 31, 2012 and 2011, no provision for income taxes has been made.

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NOTES TO FINANCIAL STATEMENTS  
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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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In connection with the preparation of the financial statements, the Organization evaluated subsequent events through April 26, 2013 which was the date the financial statements were approved for issuance.

Note 3. LOAN RECEIVABLE

At December 31, 2012 and 2011, the Organization's balance sheet consisted of an uncollateralized loan receivable from a former board member that is due on demand. The loan receivable does not have a stated interest rate and had a balance of \$2,950 at December 31, 2012 and 2011.

Note 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Farm Equipment	\$202,422	\$116,905
Less accumulated depreciation	<u>86,670</u>	<u>68,384</u>
	<u>\$115,752</u>	<u>\$ 48,521</u>

Depreciation expense was \$21,712 and \$14,475 at December 31, 2012 and 2011, respectively.

COMMUNITY HARVEST PROJECT, INC.  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

Note 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Equipment purchase	\$ -0	\$ 429
Utilities	<u>-0</u>	<u>25</u>
	<u>\$ -0</u>	<u>\$ 454</u>

Note 6. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor.

	<u>2012</u>	<u>2011</u>
SARE Program	\$ -0	\$ 4,908
Equipment purchase	429	33,500
Utilities	25	18
Farming programs	<u>-0</u>	<u>5,843</u>
	<u>\$ 454</u>	<u>\$44,269</u>

Note 7. RELATED PARTY TRANSACTIONS

Several members of the Board of Directors allow the Community Harvest Project, Inc. to farm land and use facilities that they own at no cost to the Organization.