

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

FINANCIAL STATEMENTS
December 31, 2014 with comparative totals for 2013

WITH
INDEPENDENT AUDITOR'S REPORT

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Community Harvest Project, Inc., (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

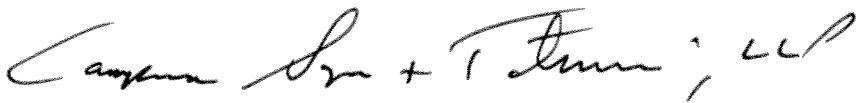
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Harvest Project, Inc. as of December 31, 2014, 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.

Report on Summarized Comparative Information

We have previously reviewed the Community Harvest Project, Inc.'s 2013 financial statements, and issued an independent accountant's review report on those financial statements dated May 12, 2014. The summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the reviewed financial statements from which it has been derived. A review is less in scope than an audit and does not provide the basis for the expression of an opinion on the financial statements.



April 24, 2015

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

STATEMENT OF FINANCIAL POSITION
December 31, 2014 with comparative totals for 2013

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 239,451	\$244,947
Prepaid expenses	10,933	-0
Loan receivable	<u>-0</u>	<u>2,950</u>
Total current assets	\$ 250,384	\$247,897
PROPERTY AND EQUIPMENT, net	<u>3,257,077</u>	<u>109,151</u>
TOTAL ASSETS	<u>\$3,507,461</u>	<u>\$357,048</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 14,496	\$ 3,098
Loan payable - current	<u>3,000</u>	<u>-0</u>
Total current liabilities	\$ 17,496	\$ 3,098
LONG-TERM LIABILITY - Loan payable	<u>3,000</u>	<u>-0</u>
Total liabilities	<u>\$ 20,496</u>	<u>\$ 3,098</u>
NET ASSETS:		
Unrestricted	\$3,486,965	\$323,950
Temporarily restricted	-0	30,000
Permanently restricted	<u>-0</u>	<u>-0</u>
Total net assets	<u>\$3,486,965</u>	<u>\$353,950</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,507,461</u>	<u>\$357,048</u>

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

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

STATEMENT OF ACTIVITIES

For the year ended December 31, 2014 with comparative totals for 2013

	2014			2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE AND SUPPORT:				
Contributions and grants	\$ 385,163	\$ 63,500	\$ -0	\$ 448,663
In-kind contribution	3,095,000	-0	-0	3,095,000
Special events	73,643	-0	-0	73,643
Expense sharing	7,300	-0	-0	7,300
Program fees	22,644	-0	-0	22,644
Interest income	70	-0	-0	70
Net assets released from restrictions	93,500	(93,500)	-0	-0
Total revenue and support	<u>\$3,677,320</u>	<u>(\$ 30,000)</u>	<u>\$ -0</u>	<u>\$3,647,320</u>
EXPENSES:				
Program expenses	\$ 372,716	\$ -0	\$ -0	\$ 372,716
Supporting expenses:				
General and administrative	62,732	-0	-0	62,732
Fundraising	84,328	-0	-0	84,328
Total supporting expenses	<u>\$ 147,060</u>	<u>-0</u>	<u>-0</u>	<u>\$ 147,060</u>
Total program and supporting expenses	\$ 519,776	\$ -0	\$ -0	\$ 519,776
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	\$3,157,544	(\$ 30,000)	\$ -0	\$3,127,544
OTHER CHANGES				
Sale of equipment	5,471	-0	-0	5,471
TOTAL CHANGES IN NET ASSETS	\$3,163,015	(\$ 30,000)	\$ -0	\$3,133,015
NET ASSETS AT BEGINNING OF YEAR	323,950	30,000	-0	328,577
NET ASSETS AT END OF YEAR	<u>\$3,486,965</u>	<u>-0</u>	<u>\$ -0</u>	<u>\$3,486,965</u>

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

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2014 with comparative totals for 2013

	2014			2013
	General	and	Fundraising	Total
<u>Program Expenses</u>	<u>Administrative</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$42,198		\$38,905	\$249,190
Taxes	4,708		4,341	27,804
Professional fees	8,762		-	13,985
Office expenses	1,736		19,281	21,960
Insurance	5,328		426	13,136
Utilities	-		-	3,089
Travel	-		-	597
Other program expenses	-		-	9,457
Depreciation	-		-	52,004
Farm expenses	-		-	107,179
Special events	-		21,375	21,375
	<u>\$372,716</u>	<u>\$62,732</u>	<u>\$84,328</u>	<u>\$519,776</u>
				<u>\$205,719</u>

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

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

STATEMENT OF CASH FLOWS

For the year ended December 31, 2014 with comparative totals for 2013

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES:		
Changes in net assets	\$3,133,015	\$ 25,373
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	52,004	37,189
In-kind contribution	(3,095,000)	(1,644)
Gain on sales of equipment	(8,421)	-0
(Increase) decrease in prepaid expenses	(10,933)	-0
(Decrease) increase in accounts payable and accrued liabilities	<u>11,398</u>	<u>(40)</u>
Net cash provided by (used in) operating activities	<u>\$ 82,063</u>	<u>\$ 60,878</u>
INVESTING ACTIVITIES:		
Purchases of property and equipment	(\$ 104,930)	(\$ 28,944)
Proceeds from sale of equipment	8,421	-0
Write off - loan receivable	<u>2,950</u>	<u>-0</u>
Net cash provided by (used in) investing activities	<u>(\$ 93,559)</u>	<u>(\$ 28,944)</u>
FINANCING ACTIVITIES:		
Proceeds from long-term debt	\$ 9,000	\$ -0
Repayment of long-term debt	<u>(3,000)</u>	<u>-0</u>
Net cash provided by (used in) financing activities	\$ 6,000	\$ -0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(\$ 5,496)	\$ 31,934
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>244,947</u>	<u>213,013</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 239,451</u>	<u>\$244,947</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH PAID FOR:		
Interest	\$ -0	\$ -0
Taxes	-0	-0
NONCASH INVESTING ACTIVITIES:		
Donated land and buildings/equipment	\$3,095,000	\$ 1,644
Capitalized donated land and buildings/equipment	(3,095,000)	(1,644)

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

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 with comparative totals for 2013

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.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by 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 financial statements for the year ended December 31, 2013 from which the summarized information was derived.

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.

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 with comparative totals for 2013

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.

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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates made by the Organization's management.

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 \$1,000 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.

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 with comparative totals for 2013

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, 2014 and 2013, no provision for income taxes has been made. The Organization is subject to federal and state examinations by taxing authorities for the tax years ended December 31, 2011, 2012 and 2013.

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.

Date of Management's Review

Subsequent events were evaluated through April 24, 2015, which is the date the financial statements were available to be issued.

Note 3. LOAN RECEIVABLE

At December 31, 2013, the Organization's balance sheet consisted of an uncollateralized loan receivable from a former board member that was due on demand. The loan receivable did not have a stated interest rate and had a balance of \$2,950. At December 31, 2014, the Board deemed the receivable uncollectible after exhausting all attempts to collect, consequently, the entire balance was written off as a bad debt.

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 with comparative totals for 2013

Note 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Land	\$2,168,163	\$ -0
Buildings and improvements	957,344	-0
Farm equipment	283,859	230,826
Office equipment	<u>3,074</u>	<u>2,184</u>
	\$3,412,440	\$233,010
Less accumulated depreciation	<u>155,363</u>	<u>123,859</u>
	<u>\$3,257,077</u>	<u>\$109,151</u>

Depreciation expense was \$52,004 and \$37,189 at December 31, 2014 and 2013, respectively.

Note 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Equipment purchase	<u>\$ -0</u>	<u>\$30,000</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>2014</u>	<u>2013</u>
Property and equipment acquisitions	\$83,000	\$ -0
Educational programs	<u>10,500</u>	<u>-0</u>
	<u>\$93,500</u>	<u>\$ -0</u>

COMMUNITY HARVEST PROJECT, INC.
North Grafton, Massachusetts

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 with comparative totals for 2013

Note 7. RELATED PARTY TRANSACTIONS

Several members of the Board of Directors allow Community Harvest Project, Inc. to farm land and use facilities that they own at no cost to the Organization. In 2014, the Organization began paying for its proportionate share of real estate taxes, utilities, maintenance and insurance totaling approximately \$34,000.

A board member of Community Harvest Project, Inc. is also a partner of a law firm in which the Organization incurred legal fees for services performed totaling \$32,007 in 2014.

Note 8. LOAN PAYABLE

In 2014, the Organization entered into an interest free unsecured loan payable for a new greenhouse. The original amount of the loan was \$9,000 and is payable in three annual installments. At December 31, 2014, the balance on the loan was \$6,000 with installments of \$3,000 due January 2015 and January 2016.