

2011
Review
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W. H. RICHARDSON & CO. CPAs

GAINING GROUND, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2011

DEBRA A. DOBBINS, CPA, P.C.
Certified Public Accountant

2011

GAINING GROUND, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Gaining Ground, Inc.
Concord, Massachusetts

I have reviewed the accompanying statement of financial position of Gaining Ground, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's 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 taken as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

My 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 me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am 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.

Debra A. Dobbins, CPA, P.C.

Debra A. Dobbins, CPA, P.C.
September 13, 2012

GAINING GROUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

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ASSETS

ASSETS	
Cash & cash equivalents	\$ 282,655
Unconditional promises to give	12,250
Accounts receivable	4,460
Prepaid insurance	1,449
Inventory	2,845
Fixed assets at cost, net of accumulated depreciation of \$43,846	63,584
Intangible assets at cost, net of accumulated amortization of \$176	<u>3,314</u>
TOTAL ASSETS	<u><u>\$ 370,557</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	\$ 5,669
Accrued expenses	<u>3,136</u>
TOTAL LIABILITIES	<u>8,805</u>
NET ASSETS	
Unrestricted net assets	319,166
Temporarily restricted net assets	<u>42,586</u>
TOTAL NET ASSETS	<u>361,752</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 370,557</u></u>

See Accompanying Notes and Independent Accountant's Review Report

GAINING GROUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

CHANGES IN UNRESTRICTED NET ASSETS:

Revenue & Support:	
Contributions	\$ 217,207
Grants	17,500
Merchandise sales, net of cost of sales of \$2,119	441
Program service fees	3,500
Interest	385
Total Revenue & Support	239,033
Net Assets Released From Restrictions:	
Restrictions satisfied by payments	659
Total Unrestricted Revenue & Support	239,692
Expenses:	
Program services	103,902
Support services:	
Management & general	38,574
Fundraising	15,562
Total Unrestricted Expenses	158,038
Increase in Unrestricted Net Assets	81,654
<u>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</u>	
Contributions	17,345
Net Assets Released From Restrictions:	
Restrictions satisfied by payments	(659)
Increase in Temporarily Restricted Net Assets	16,686
CHANGE IN NET ASSETS	\$ 98,340

See Accompanying Notes and Independent Accountant's Review Report

GAINING GROUND, INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
NET ASSETS			
Beginning of year	\$ 237,512	\$ 25,900	\$ 263,412
CHANGE IN NET ASSETS	<u>81,654</u>	<u>16,686</u>	<u>98,340</u>
NET ASSETS			
End of year	<u>\$ 319,166</u>	<u>\$ 42,586</u>	<u>\$ 361,752</u>

See Accompanying Notes and Independent Accountant's Review Report

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GAINING GROUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>SUPPORTING SERVICES</u>			
	<u>Total</u>	<u>Program</u>	<u>Management</u>	<u>Fund-</u>
	<u>Expenses</u>	<u>Services</u>	<u>& General</u>	<u>Raising</u>
FUNCTIONAL EXPENSES				
Advertising	\$ 2,938	\$ -	\$ 50	\$ 2,888
Agricultural contract labor	1,798	1,798	-	-
Agricultural supplies & expenses	11,654	11,654	-	-
Amortization	88	88	-	-
Automobile expenses	2,157	2,157	-	-
Bank charges	162	-	162	-
Conferences & meetings	1,190	1,190	-	-
Depreciation	4,736	4,487	249	-
Dues & subscriptions	246	246	-	-
Equipment rental	1,200	1,200	-	-
Equipment repairs	865	615	250	-
Expendable equipment	760	760	-	-
Fundraising expenses	567	-	-	567
Insurance expense	5,553	4,089	1,464	-
Miscellaneous	1,099	-	1,099	-
Occupancy	6,300	300	6,000	-
Office supplies	193	-	193	-
Payroll	77,458	58,476	18,982	-
Payroll taxes	12,497	9,373	3,124	-
Postage	1,766	-	300	1,466
Printing & reproduction	8,132	-	1,352	6,780
Professional & consulting fees	9,581	461	5,259	3,861
Telephone	690	600	90	-
Tillage services	940	940	-	-
Trash removal	220	220	-	-
Travel	348	348	-	-
Utilities	3,425	3,425	-	-
Volunteer expenses	1,475	1,475	-	-
	-			
TOTAL FUNCTIONAL EXPENSES	<u>\$ 158,038</u>	<u>\$ 103,902</u>	<u>\$ 38,574</u>	<u>\$ 15,562</u>

See Accompanying Notes and Independent Accountant's Review Report

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GAINING GROUND, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

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CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 98,340
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,736
Amortization	88
Changes in Operating Assets & Liabilities:	
Increase in accounts receivable	(4,460)
Decrease in prepaid insurance	775
Decrease in inventory	2,119
Increase in accounts payable	4,830
Decrease in accrued payroll expenses	(512)
Net Cash Provided By Operating Activities	105,916

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of property & equipment	(5,489)
Proceeds from sale of marketable securities	-
Net Cash Used By Investing Activities	(5,489)

Net Increase in Cash & Cash Equivalents 100,427

CASH & CASH EQUIVALENTS, BEGINNING OF YEAR 182,229

CASH & CASH EQUIVALENTS, END OF YEAR **\$ 282,656**

SUPPLEMENTAL DISCLOSURES:

Income taxes paid	\$ -
Interest paid	\$ -

See Accompanying Notes and Independent Accountant's Review Report

GAINING GROUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Gaining Ground, Inc. (the Organization) is a Massachusetts nonprofit corporation which grows and distributes fresh, organic produce to local meal programs, shelters, and food pantries as well as provides environmental education and related community service opportunities. The Organization is supported primarily through donor contributions, grants, and fundraising activities.

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.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents include bank accounts as well as certificates of deposit purchased with a maturity of twelve months or less. Interest income on the certificates of deposit is recorded as income when earned.

Contributions and Grants

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, then the Organization reports the support as unrestricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. All unconditional promises to give for 2011, were due in less than one year. No allowance for uncollectible promises to give has been established.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inventory

Inventory, which consists of cookbooks, is stated at cost using the first-in, first-out (FIFO) method.

GAINING GROUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment acquisitions are recorded at cost at the date of acquisition or, if donated, at the approximate fair value at the date of donation. The Organization follows the practice of capitalizing all expenditures for fixed assets in excess of \$500. Depreciation is provided over the estimated useful life of each class of fixed assets and is computed using the straight-line method.

The useful life adopted for the purpose of computing depreciation is:

Building and leasehold improvements	20-39 years
Machinery and equipment	5-15 years
Furniture and fixtures	5-7 years
Office equipment	5-7 years
Motor vehicles	5 years
Computer Software	3 years

Intangible Assets

Intangible assets represent computer software that manages the tracking of gifts and grants and a license agreement fee that allows the Organization to farm on land they don't own or rent. These intangible assets are being amortized on a straight-line basis over the estimated useful lives of three years.

Amortization expense for the year ended December 31, 2011 was \$88.

Advertising

Advertising costs are expensed when incurred. Advertising expense for 2011 was \$2,938.

Income Taxes

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code, except on net income derived from unrelated business activities, and classified as an entity that is not a private foundation within the meaning of Section 509(a). The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Contributions to the Organization qualify for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization's Forms 990-EZ, Short Form Return of Organization Exempt from Income Tax, for 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they are filed.

GAINING GROUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$43,599 are included in cash and cash equivalents in the accompanying financial statements at December 31, 2011. The certificates bear interest ranging from .05% to 0.20% and have maturities up to eleven months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

NOTE 3 PROPERTY AND EQUIPMENT

At December 31, 2011 property and equipment consist of:

Buildings	\$ 68,647
Leasehold improvements	3,485
Machinery and equipment	10,998
Furniture and fixtures	3,603
Office equipment	5,199
Motor vehicles	<u>15,498</u>
Subtotal	107,430
Less: Accumulated Depreciation	<u>(43,846)</u>
Net Property and Equipment	<u>\$ 63,584</u>

Depreciation expense for the year ended December 31, 2011, was \$4,736.

NOTE 4 RESTRICTION ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Tractor	\$ 17,345
Future interns	4,841
Food for families program	8,000
"Green" bridge project	<u>12,400</u>
	<u>\$ 42,586</u>

NOTE 5 OPERATING LEASE COMMITMENTS

The Organization leases office space under a 3 year lease expiring December 15, 2013, from The Thoreau Farm Trust. The annual rent is \$6,000.

The Organization leases agricultural land from the Town of Concord, Massachusetts. The annual rent is \$300. The current lease expired on December 31, 2011. On December 21, 2011, the Organization renewed the lease for an additional 5-year period ending December 31, 2016.

Rent expense for the year ended December 31, 2011 was \$6,300.

GAINING GROUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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NOTE 5 OPERATING LEASE COMMITMENTS (continued)

Future minimum lease payments as of December 31, 2011 are:

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	\$ 6,300
2013	6,300
2014	300
2015	300
2016	<u>300</u>
Total	<u>\$ 13,500</u>

NOTE 6 BENEFIT PLAN

Gaining Ground maintains a Cafeteria Plan; qualified under Section 125 of the Internal Revenue Code for health care.

NOTE 7 RELATED PARTY TRANSACTIONS

Various members of the Board of Director's and/or their families made contributions totaling \$47,906 during 2011.

The daughter of two members of the Board of Directors was paid a salary of \$2,575 for providing office support to the Organization.

NOTE 8 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 13, 2012, the date which the financial statements were available to be issued