

GAINING GROUND, INC.
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

GAINING GROUND, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS

| | <u>Page</u> <u>No.</u> |
|----------------------------------------|---------------------------|
| INDEPENDENT ACCOUNTANT'S REVIEW REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 2 |
| Statement of Activities | 3 |
| Statement of Changes in Net Assets | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-11 |



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying statements of financial position of Gaining Ground, Inc. (a nonprofit organization) as of December 31, 2014 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 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.

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 of 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 not material modifications that should be made to the financial statements. We believe that the result 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 generally accepted accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'Felix G. Cincotta', is written over a light blue horizontal line.

Certified Public Accountant

July 29, 2015

One Gateway Center
Newton, MA 02458

Felix G. Cincotta
Certified Public Accountant and Consultants

617-332-2227
Fax 617-332-2892
www.fgccpa.com

GAINING GROUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

| | <u>2014</u> |
|------------------------------|------------------|
| Current Assets: | |
| Cash and cash equivalents | \$427,771 |
| Grants receivable | 69,333 |
| Accounts receivable | 2,190 |
| Prepaid expenses | 2,556 |
| Inventory | <u>4,074</u> |
| Total Current Assets | <u>505,924</u> |
| Property and Equipment, net: | <u>198,792</u> |
| Other Assets: | |
| Grant receivable | <u>43,334</u> |
| Total Assets | <u>\$748,050</u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|------------------|
| Current Liabilities: | |
| Accounts payable | \$ 11,967 |
| Accrued expenses | <u>8,468</u> |
| Total Current Liabilities | <u>20,435</u> |
| Net assets: | |
| Unrestricted | 582,638 |
| Temporarily restricted | <u>144,977</u> |
| Total Net Assets | <u>727,615</u> |
| Total Liabilities and Net Assets | <u>\$748,050</u> |

See accompanying notes and independent accountant's review report.

GAINING GROUND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

2014

Unrestricted Net Assets:

Unrestricted Revenue, Gains and Other Support:

| | |
|----------------------------------------------------|----------------|
| Grants and contributions | \$207,319 |
| Fundraising income | 12,613 |
| Merchandise sales, net of cost of sales of \$1,306 | 300 |
| Program service fees | 3,500 |
| Interest income | 928 |
| Net assets released from restriction | <u>199,855</u> |

| | |
|-----------------------------------------------------|----------------|
| Total Unrestricted Revenue, Gains and Other Support | <u>424,515</u> |
|-----------------------------------------------------|----------------|

Expenses:

| | |
|------------------------|----------------|
| Program services | 196,102 |
| Support services: | |
| Management and general | 38,619 |
| Fundraising | <u>31,920</u> |
| Total Expenses | <u>266,641</u> |

| | |
|-------------------------------------|----------------|
| Increase in Unrestricted Net Assets | <u>157,874</u> |
|-------------------------------------|----------------|

Temporarily Restricted Net Assets:

| | |
|---------------------------------------|------------------|
| Grants and contributions | 227,860 |
| Net assets released from restrictions | <u>(199,855)</u> |

| | |
|-----------------------------------------------|---------------|
| Increase in Temporarily Restricted Net Assets | <u>28,005</u> |
|-----------------------------------------------|---------------|

| | |
|------------------------|---------|
| Increase in Net Assets | 185,879 |
|------------------------|---------|

| | |
|-------------------------------|----------------|
| Net Assets, Beginning of Year | <u>541,736</u> |
|-------------------------------|----------------|

| | |
|-------------------------|------------------|
| Net Assets, End of Year | <u>\$727,615</u> |
|-------------------------|------------------|

See accompanying notes and independent accountant's review report.

GAINING GROUND, INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2014

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|----------------------|---------------------|-----------------------------------|-------------------|
| Net Assets: | | | |
| Beginning of year | \$ 424,764 | \$ 116,972 | \$ 541,736 |
| Change in Net Assets | <u>157,874</u> | <u>28,005</u> | <u>185,879</u> |
| Net Assets: | | | |
| End of year | <u>\$ 582,638</u> | <u>\$ 144,977</u> | <u>\$ 727,615</u> |

See accompanying notes and independent accountant's review report.

GAINING GROUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

| | <u>Total</u> <u>Expenses</u> | <u>Program</u> <u>Services</u> | <u>Supporting Services</u> | |
|-------------------------------|---------------------------------|-----------------------------------|-----------------------------------------|----------------------|
| | | | <u>Management</u> <u>and General</u> | <u>Fundraising</u> |
| Expenses: | | | | |
| Salaries | \$161,423 | \$ 119,555 | \$ 20,934 | \$ 20,934 |
| Agricultural supplies | 19,550 | 19,550 | 0 | 0 |
| Depreciation | 17,597 | 16,145 | 1,452 | 0 |
| Payroll taxes | 15,756 | 12,241 | 1,758 | 1,757 |
| Rent | 8,125 | 4,469 | 1,625 | 2,031 |
| Professional fees | 7,985 | 800 | 5,985 | 1,200 |
| Insurance | 7,416 | 6,757 | 483 | 176 |
| Printing and reproduction | 6,720 | 2,197 | 2,857 | 1,666 |
| Events expense | 4,860 | 2,895 | 0 | 1,965 |
| Utilities | 3,319 | 3,319 | 0 | 0 |
| Automobile expenses | 2,730 | 2,730 | 0 | 0 |
| Postage and delivery | 1,992 | 23 | 1,520 | 449 |
| Buildings and grounds | 1,753 | 1,753 | 0 | 0 |
| Office expense | 1,523 | 454 | 307 | 762 |
| Telephone | 1,293 | 802 | 245 | 246 |
| Payroll processing | 846 | 676 | 85 | 85 |
| Volunteer expense | 670 | 670 | 0 | 0 |
| Computer expense | 640 | 213 | 213 | 214 |
| Staff development | 638 | 539 | 74 | 25 |
| Miscellaneous | 530 | 120 | 410 | 0 |
| Dues and subscriptions | 501 | 15 | 486 | 0 |
| Bank charges | 455 | 0 | 45 | 410 |
| Licenses and permits | 140 | 0 | 140 | 0 |
| Land lease | 138 | 138 | 0 | 0 |
| Food distribution program | 41 | 41 | 0 | 0 |
| | <u>41</u> | <u>41</u> | <u>0</u> | <u>0</u> |
| Total Functional Expenses | <u>\$266,641</u> | <u>\$196,102</u> | <u>\$ 38,619</u> | <u>\$ 31,920</u> |

See accompanying notes and independent accountant's review report.

GAINING GROUND, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

| | <u>2014</u> |
|---------------------------------------------------------------------------------------------|-------------------|
| Cash Flows from Operating Activities: | |
| Change in net assets | \$ 185,879 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 17,597 |
| Changes in operating assets and liabilities: | |
| Increase in grants receivable | (74,667) |
| Decrease in accounts receivable | 1,970 |
| Increase in prepaid expenses | (904) |
| Decrease in inventory | 1,337 |
| Increase in accounts payable | 8,106 |
| Increase in accrued expenses | <u>1,588</u> |
| Net cash provided by operating activities | <u>140,906</u> |
| Cash Flows from Investing Activities: | |
| Acquisition of property & equipment | <u>(102,501)</u> |
| Net cash used by investing activities | <u>(102,501)</u> |
| Net increase in cash and cash equivalents | 38,405 |
| Cash and cash equivalents, beginning of year | <u>389,366</u> |
| Cash and cash equivalents, end of year | <u>\$ 427,771</u> |

See accompanying notes and independent accountant's review report.

GAINING GROUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. Summary of Significant Accounting Procedures:

Organization

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 accompanying financial statements have been prepared using the accrual basis of accounting. Under this method, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board "Financial Statements of Not-for-Profit Organizations."

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.

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 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.

Income Tax Status

The Organization is a nonprofit organization exempt from income tax pursuant to Section 501(c)(3) of the U.S. Internal Revenue Code. The Internal Revenue Service has determined that the Organization is a nonprofit organization other than a private foundation exempt from income taxes. 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.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress. The Organization believes it is no longer subject to tax examinations prior to December 31, 2011.

GAINING GROUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. Summary of Significant Accounting Procedures (continued):

Inventory

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

Accounts Receivable

It is the policy of management to review all outstanding accounts receivable to determine their collectability. The balance at December 31, 2014 represents the amount management expects to collect from balances outstanding at year-end. It has been determined by management based on relationships with clients and their histories that expected losses on balances outstanding would be immaterial.

Grants Receivable

Unconditional promises to give that are expected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. As of December 31, 2014, there was one pledge that extended beyond the next calendar year; however, management has determined that a present value calculation was not material to these financial statements. As of December 31, 2014, management has concluded an allowance for doubtful accounts is not necessary.

Cash Equivalents

Cash equivalents include all highly liquid investments with an original maturity date of three months or less at date of purchase and include money market accounts.

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 | 10-39 years |
| Machinery and equipment | 5-15 years |
| Furniture and fixtures | 5-10 years |
| Office equipment and software | 3- 7 years |
| Motor vehicle and tractor | 5 years |

GAINING GROUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. Summary of Significant Accounting Procedures (Continued):

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 disclosure 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.

Contributed Services

Many individuals volunteer their services and perform a variety of tasks that assist the organization with its programs. No amounts have been reflected in the financial statements for these donated services, as these services do not meet the criteria for recognition.

Advertising

Advertising costs are expensed when incurred. Advertising expense for 2014 was \$0.

2. Grants Receivable

A schedule of the anticipated future minimum receipt of grants is as follows at December 31, 2014:

Amounts due in:

| | |
|----------------------|------------------|
| Less than one year | \$ 69,333 |
| One to five years | 43,334 |
| More than five years | <u>0</u> |
| Total | <u>\$112,667</u> |

3. Certificates of Deposit

Certificates of deposit totaling \$150,095 are included in cash and cash equivalents in the accompanying financial statements at December 31, 2014. The certificates bear interest ranging from 0.60% to 0.75% and have maturities up to 12 months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

GAINING GROUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

4. Property and Equipment

At December 31, 2014, property and equipment consist of:

| | |
|--------------------------------------|------------------|
| Buildings and leasehold improvements | \$159,114 |
| Machinery and equipment | 34,373 |
| Furniture and fixtures | 5,281 |
| Office equipment and software | 9,329 |
| Motor vehicles and tractor | <u>78,090</u> |
| Subtotal | 286,187 |
| Less: Accumulated depreciation | <u>(87,395)</u> |
| Net property and equipment | <u>\$198,792</u> |

Depreciation expense for the year ended December 31, 2014 was \$17,597.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

| | |
|-----------------------------|------------------|
| Operating support | \$ 86,667 |
| Soil revitalization project | 30,000 |
| Head start project | 16,000 |
| Intern program | 6,000 |
| Food distribution project | 5,000 |
| “Green” bridge project | <u>1,310</u> |
| | <u>\$144,977</u> |

6. Operating Lease Commitments

The Organization leases office space under a 3-year lease expiring December 15, 2016, from The Thoreau Farm Trust. The annual rent is \$8,400.

The Organization leases agricultural land from the Town of Concord, Massachusetts under a 3-year lease expiring December 31, 2016. The annual rent is \$138.

Rent expense for the year ended December 31, 2014 was \$8,263.

GAINING GROUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. Operating Lease Commitments (Continued):

Future minimum lease payments as of December 31, 2014 are:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|-------------------------------------|-----------------|
| 2015 | \$ 8,538 |
| 2016 | <u>8,538</u> |
| Total | <u>\$17,076</u> |

7. Allocation of Program Services, Management and General and Fundraising Expenses

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

8. Concentration of Risk and Uncertainties

Cash

From time to time, the Organization's cash balances fluctuate and can exceed federally insured limits. Management monitors the financial condition of the banking institutions, along with its cash balances, to keep this potential risk to a minimum.

Grantors

At December 31, 2014, five grantors made up 100% of outstanding grants receivable and five grantors made up approximately 84% of all new grant revenue.

Uncertainties

The Organization is dependent upon revenues from grants and contributions. Although management believes that it will have sufficient funds to meet its operating expenses for the next year between funds already available and promised grants, there is no guarantee that these grants and other sources of funds will continue into future years. As a result, management is actively seeking new grants and other sources of revenue.

9. Subsequent Events

Subsequent events have been evaluated through July 29, 2015, which is the date the financial statements were available to be issued.