

**GAINING GROUND, INC.  
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2019**

**WITH INDEPENDENT AUDITOR'S REPORT**

**GAINING GROUND, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**TABLE OF CONTENTS**

	<u>Page No.</u>
INDEPENDENT AUDITOR'S 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	7-12



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Gaining Ground, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, changes in net assets, 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 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 Gaining Ground, Inc. as of December 31, 2019, 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.

  
Certified Public Accountant

Newton, Massachusetts  
November 13, 2020

---

One Gateway Center  
Newton, MA 02458

Felix G. Cincotta  
Certified Public Accountant and Consultant

617-332-2227  
Fax 617-332-2892  
[www.fgccpa.com](http://www.fgccpa.com)

**GAINING GROUND, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

<b>ASSETS</b>	<u>2019</u>
Current Assets:	
Cash and cash equivalents	\$ 595,278
Grants receivable	53,333
Prepaid expenses	<u>14,231</u>
Total Current Assets	<u>662,842</u>
Property and Equipment, net:	<u>604,561</u>
Other Assets:	
Grants receivable	<u>20,000</u>
Total Assets	<u>\$1,287,403</u>
 <b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities:	
Accounts payable	\$ 8,548
Accrued expenses	<u>7,966</u>
Total Current Liabilities	<u>16,514</u>
Net assets:	
Without donor restrictions	1,099,333
With donor restrictions	<u>171,556</u>
Total Net Assets	<u>1,270,889</u>
Total Liabilities and Net Assets	<u>\$ 1,287,403</u>

See accompanying notes.

**GAINING GROUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>
Net Assets Without Donor Restrictions	
Unrestricted Revenue, Gains and Other Support:	
Grants and contributions	\$ 371,282
Fundraising income	36,551
Merchandise sales, net of cost of sales of \$-0-	1,389
Interest income	3,924
Net assets released from restriction	<u>181,748</u>
Total Revenue, Gains and Other Support	<u>594,894</u>
Expenses:	
Program services	422,352
Support services:	
Management and general	60,215
Fundraising	<u>80,242</u>
Total Expenses	<u>562,809</u>
Increase in Net Assets Without Donor Restrictions	<u>32,085</u>
Net Assets With Donor Restrictions	
Grants and contributions	154,722
Net assets released from restrictions	<u>(181,748)</u>
Decrease in Net Assets With Donor Restrictions	<u>(27,026)</u>
Increase in Net Assets	5,059
Net Assets, Beginning of Year	<u>1,265,830</u>
Net Assets, End of Year	<u>\$1,270,889</u>

See accompanying notes.

**GAINING GROUND, INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets:			
Beginning of year	\$1,067,248	\$ 198,582	\$ 1,265,830
Change in Net Assets	<u>32,085</u>	<u>(27,026)</u>	<u>5,059</u>
Net Assets:			
End of year	<u>\$ 1,099,333</u>	<u>\$ 171,556</u>	<u>\$ 1,270,889</u>

See accompanying notes.

**GAINING GROUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	<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	\$282,404	\$225,420	\$ 28,492	\$ 28,492
Agricultural supplies	63,534	63,534	0	0
Depreciation	46,668	45,962	706	0
Payroll taxes	26,313	21,051	2,631	2,631
Professional fees	18,856	0	18,856	0
Events expense	11,328	3,765	0	7,563
Insurance	14,322	10,863	2,941	518
Rent	9,050	4,978	1,810	2,262
Marketing	632	0	632	0
Printing and reproduction	47,937	11,549	972	35,416
Utilities	10,540	10,540	0	0
Bank charges	55	30	11	14
Buildings and grounds	5,076	5,076	0	0
Computer expense	1,927	1,060	385	482
Vehicle expenses	3,366	3,366	0	0
Staff development	598	130	468	0
Postage and delivery	3,490	1,919	698	873
Miscellaneous	976	781	98	97
Office expense	558	307	112	139
Volunteer expense	1,387	1,387	0	0
Telephone	1,931	1,062	386	483
Payroll processing	1,364	750	273	341
Licenses, permits and dues	3,722	2,047	744	931
Land lease	548	548	0	0
Food distribution program	<u>6,227</u>	<u>6,227</u>	<u>0</u>	<u>0</u>
 Total Functional Expenses	 <u>\$ 562,809</u>	 <u>\$422,352</u>	 <u>\$ 60,215</u>	 <u>\$ 80,242</u>

See accompanying notes.

**GAINING GROUND, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>
Cash Flows from Operating Activities:	
Change in net assets	\$ 5,059
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	46,668
Changes in operating assets and liabilities:	
Decrease in grants receivable	13,333
Decrease in prepaid expenses	12,842
Decrease in accounts payable	(5,140)
Decrease in accrued expenses	<u>(1,021)</u>
Net cash provided by operating activities	<u>71,741</u>
Cash Flows from Investing Activities:	
Acquisition of property & equipment	<u>( 62,426)</u>
Net cash used by investing activities	<u>( 62,426)</u>
Net increase in cash and cash equivalents	9,315
Cash and cash equivalents, beginning of year	<u>585,963</u>
Cash and cash equivalents, end of year	<u>\$ 595,278</u>

See accompanying notes.



**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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.

Contributions and Grants

Contributions received are recorded as Net Assets With Donor Restrictions or Net Assets Without Donor Restrictions, depending on the existence and/or nature of any donor restrictions.

Goods are contributed to the Organization in support of its programs and services. The value of these goods, if any, are reflected in the financial statements based on the estimated fair value assigned by management. The value of donated goods for the year ended December 31, 2019, was \$-0-.

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.

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, 2019, there were two pledges 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, 2019, management has concluded an allowance for doubtful accounts is not necessary.

Recent Pronouncements

On May 20, 2020, the Financial Accounting Standards Board (FASB) voted to delay, by one year, the implementation of its revenue recognition standards (FASB ASC Topic 606) for all non-public entities that have not yet issued their financial statements. In accordance with the FASB's May 20, 2020 decision, management of the Club has elected to defer the adoption of the new revenue recognition standard until its fiscal year ended December 31, 2020.

**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**1. Summary of Significant Accounting Procedures (Continued):**

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.

Fair Value of Financial Instruments

The carrying amounts of cash and current liability amounts approximate fair values because of the short term nature of these items.

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. Expenditures for repairs and maintenance are charged to expense as incurred, whereas major betterments are capitalized. 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

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 2019 was \$0.

**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**1. Summary of Significant Accounting Procedures (Continued):**

Subsequent Events

Subsequent events have been evaluated through November 13, 2020, which is the date the financial statements were available to be issued.

**2. Grants Receivable**

A schedule of the anticipated future minimum receipt of grants is as follows at December 31, 2019:

Amounts due in:	
Less than one year	\$ 53,333
One to five years	20,000
More than five years	<u>0</u>
Total	<u>\$ 73,333</u>

**3. Certificates of Deposit**

Certificates of deposit totaling \$160,036 are included in cash and cash equivalents in the accompanying financial statements at December 31, 2019. The certificates bear interest ranging from 2.20% to 2.35% and have maturities up to 6 months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

**4. Property and Equipment**

At December 31, 2019, property and equipment consist of:

Buildings and leasehold improvements	\$ 714,222
Machinery and equipment	66,820
Furniture and fixtures	5,281
Office equipment and software	11,659
Motor vehicles and tractor	<u>80,790</u>
	878,772
Less: Accumulated depreciation	<u>(274,211)</u>
Net property and equipment	<u>\$ 604,561</u>

Depreciation expense for the year ended December 31, 2019 was \$46,668.

**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**5. Net Assets With Donor Restrictions**

Net Assets with Donor Restrictions are available for the following purposes:

Operating support	\$ 88,334
Field crew	6,000
Lowell Head Start	2,500
Food for Families	10,000
House of Hope	2,500
Pavilion	45,000
Other	<u>17,222</u>
	<u>\$ 171,556</u>

**6. Operating Lease Commitments**

The Organization leases office space under a 3-year lease expiring December 15, 2022, from The Thoreau Farm Trust. The annual rent is \$9,600.

The Organization leases agricultural land from Massport and the Town of Concord, Massachusetts under 2 and 5-year leases expiring December 31, 2021. The annual rent is \$411.

Rent expense for the year ended December 31, 2019 was \$9,598.

Future minimum lease payments as of December 31, 2019 are:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2020	\$ 10,011
2021	9,738
2022	<u>9,600</u>
	<u>\$ 29,349</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 Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates made by management.

**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**8. Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the statement of financial position date reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2019</u>
Financial assets at year-end	\$648,861
Less those unavailable for general expenditures within one year due to:	
Donor Restricted for:	
Field Crew	6,000
Lowell Head Start	2,500
Food for Families	10,000
House of Hope	2,500
Pavilion	45,000
Other	<u>17,222</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$565,639</u>

**9. 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. At December 31, 2019, the organization had balances of \$345,278 over \$250,000 with a certain financial institution.

Grantors

At December 31, 2019, three grantors made up 100% of outstanding grants receivable and five grantors made up approximately 49% 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.

**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

10. Related Party Transactions

During the year ended December 31, 2019, a member of the Board of Directors provided consulting services. The Organization paid \$7,639 for these services.

11. Subsequent Events

On April 28, 2020, the Organization entered into a Promissory Note dated April 28, 2020 (the "PPP Loan") with Middlesex Savings Bank as the lender (the "Lender"), pursuant to which the Lender agreed to make a loan to the Organization under the Paycheck Protection Program (the "PPP") offered by the U.S. Small Business Administration (the "SBA") in a principal amount of \$62,220 pursuant to Title 1 of the Coronavirus Aid, Relief and Economic Security Act of 2020 (the "CARES Act").

The proceeds of PPP loan are to be used solely for the eligible expenses specified in and established by the PPP, and are eligible for forgiveness after eight weeks by the SBA following the date the PPP loan is funded provided certain criteria is met, as defined in the PPP loan agreement and the CARES Act. Any balance of the PPP loan not forgiven bears interest at one percent, with principle and interest payments commencing November 2020 and the outstanding balance due in April 2022.