

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

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**WITH INDEPENDENT AUDITOR'S REPORT**

**GAINING GROUND, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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, 2020, and the related statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements.

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, 2020, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gaining Ground, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gaining Ground, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Gaining Ground, Inc.'s internal control. Accordingly, no such opinion is expressed.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gaining Ground, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Certified Public Accountant



Newton, Massachusetts  
November 12, 2021

**GAINING GROUND, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

<b>ASSETS</b>	<u>2020</u>
Current Assets:	
Cash and cash equivalents	\$ 714,213
Grants receivable	32,000
Prepaid expenses	<u>39,081</u>
Total Current Assets	<u>785,294</u>
Property and Equipment, net:	<u>611,960</u>
Other Assets:	
Grants receivable	<u>12,000</u>
Total Assets	<u>\$1,409,254</u>
 <b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities:	
Accounts payable	\$ 6,599
Accrued expenses	<u>9,685</u>
Total Current Liabilities	<u>16,284</u>
Net assets:	
Without donor restrictions	1,262,651
With donor restrictions	<u>130,319</u>
Total Net Assets	<u>1,392,970</u>
Total Liabilities and Net Assets	<u>\$ 1,409,254</u>

See accompanying notes.

**GAINING GROUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

2020

Net Assets Without Donor Restrictions

Unrestricted Revenue, Gains and Other Support:

Grants and contributions	\$ 519,693
Fundraising income	5,630
Merchandise sales, net of cost of sales of \$-0-	750
Interest income	2,534
Forgiveness of note payable – PPP	62,220
Net assets released from restriction	<u>152,237</u>
Total Revenue, Gains and Other Support	<u>743,064</u>

Expenses:

Program services	469,162
Support services:	
Management and general	56,550
Fundraising	<u>54,034</u>
Total Expenses	<u>579,746</u>

Increase in Net Assets Without Donor Restrictions 163,318

Net Assets With Donor Restrictions

Grants and contributions	111,000
Net assets released from restrictions	<u>(152,237)</u>

Decrease in Net Assets With Donor Restrictions (41,237)

Increase in Net Assets 122,081

Net Assets, Beginning of Year 1,270,889

Net Assets, End of Year \$1,392,970

See accompanying notes.

**GAINING GROUND, INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets:			
Beginning of year	\$1,099,333	\$ 171,556	\$ 1,270,889
Change in Net Assets	<u>163,318</u>	<u>(41,237)</u>	<u>122,081</u>
Net Assets:			
End of year	<u>\$ 1,262,651</u>	<u>\$ 130,319</u>	<u>\$ 1,392,970</u>

See accompanying notes.

**GAINING GROUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	<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	\$ 335,371	\$ 280,781	\$ 27,295	\$ 27,295
Agricultural supplies	60,711	60,711	0	0
Depreciation	43,194	42,488	706	0
Payroll taxes	30,549	24,439	3,055	3,055
Professional fees	14,516	0	14,516	0
Events expense	3,274	1,155	0	2,119
Insurance	14,869	11,674	2,619	576
Rent	9,600	5,280	1,920	2,400
Marketing	659	0	659	0
Printing and reproduction	19,109	4,586	382	14,141
Utilities	12,276	12,276	0	0
Bank charges	164	90	33	41
Buildings and grounds	8,393	8,393	0	0
Computer expense	1,770	973	354	443
Vehicle expenses	2,060	2,060	0	0
Staff development	2,273	500	1,773	0
Postage and delivery	3,386	1,862	677	847
Miscellaneous	3,348	2,678	335	335
Office expense	4,332	2,382	867	1,083
Volunteer expense	467	467	0	0
Telephone	2,324	1,278	465	581
Payroll processing	1,302	716	260	326
Licenses, permits and dues	3,168	1,742	634	792
Land lease	273	273	0	0
Food distribution program	<u>2,358</u>	<u>2,358</u>	<u>0</u>	<u>0</u>
 Total Functional Expenses	 <u>\$ 579,746</u>	 <u>\$ 469,162</u>	 <u>\$ 56,550</u>	 <u>\$ 54,034</u>

See accompanying notes.



**GAINING GROUND, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>
Cash Flows from Operating Activities:	
Change in net assets	\$ 122,081
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	43,194
Forgiveness of note payable – PPP	(62,220)
Changes in operating assets and liabilities:	
Decrease in grants receivable	29,333
Increase in prepaid expenses	(24,850)
Decrease in accounts payable	(1,949)
Increase in accrued expenses	<u>1,719</u>
Net cash provided by operating activities	<u>107,308</u>
Cash Flows from Investing Activities:	
Acquisition of property & equipment	<u>(50,593)</u>
Net cash used by investing activities	<u>(50,593)</u>
Cash Flows from Financing Activities:	
Proceeds from note payable – PPP	<u>62,220</u>
Net cash provided by financing activities	<u>62,220</u>
Net increase in cash and cash equivalents	118,935
Cash and cash equivalents, beginning of year	<u>595,278</u>
Cash and cash equivalents, end of year	<u>\$ 714,213</u>

See accompanying notes.

**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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, 2020, 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, 2020, 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, 2020, management has concluded an allowance for doubtful accounts is not necessary.

**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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 2020 was \$0.

**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

Subsequent Events

Subsequent events have been evaluated through November 12, 2021, 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, 2020:

Amounts due in:

Less than one year	\$ 32,000
One to five years	12,000
More than five years	<u>0</u>
Total	<u>\$ 44,000</u>

**3. Certificates of Deposit**

Certificates of deposit totaling \$162,205 are included in cash and cash equivalents in the accompanying financial statements at December 31, 2020. The certificates bear interest ranging from .4% to .5% 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, 2020, property and equipment consist of:

Buildings and leasehold improvements	\$ 760,535
Machinery and equipment	71,100
Furniture and fixtures	5,281
Office equipment and software	11,659
Motor vehicles and tractor	<u>80,790</u>
	929,365
Less: Accumulated depreciation	<u>(317,405)</u>
Net property and equipment	<u>\$ 611,960</u>

Depreciation expense for the year ended December 31, 2020 was \$43,194.

**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**5. Net Assets With Donor Restrictions**

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

Operating support	\$ 59,000
Farm manual	29,097
Food for Families	5,000
Other	<u>37,222</u>
	<u>\$ 130,319</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 1 and 5-year leases expiring December 31, 2021. The annual rent is \$411.

Rent expense for the year ended December 31, 2020 was \$9,873.

Future minimum lease payments as of December 31, 2020 are:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ 10,011
2022	<u>9,600</u>
	<u>\$ 19,611</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.

**8. Note Payable - PPP**

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 the PPP loan were to be used solely for the eligible expenses specified in and established by the PPP, and were eligible for forgiveness after eight weeks by the SBA following the date the PPP loan was funded provided certain criteria is met, as defined in the PPP loan agreement and the CARES Act. The Organization received full forgiveness of the loan on November 4, 2020 and \$62,220 is included in income as of December 31, 2020.

**GAINING GROUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**9. 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>2020</u>
Financial assets at year-end	\$746,213
Less those unavailable for general expenditures within one year due to:	
Donor Restricted for:	
Farm Manual	29,097
Food for Families	5,000
Other	<u>37,222</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$674,894</u>

**10. 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, 2020, the organization had balances of \$464,213 over \$250,000 with a certain financial institution.

Grantors

At December 31, 2020, three grantors made up 100% of outstanding grants receivable and four grantors made up approximately 43% 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, 2020**

**11. COVID-19 - Risks and Uncertainties**

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As described in Note 8, the Organization received a PPP loan as a result of COVID – 19. During the year, the Organization received full forgiveness. Further, the Organization’s liquidity as of December 31, 2020 is documented at Note 9. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. The Organization does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.