

# **Growing Veterans**

Financial Statements with  
Independent Auditor's Report

Period from Inception (October 8, 2014)  
to December 31, 2015

Larson Gross 

# Growing Veterans

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## Independent Auditor's Report

Board of Directors  
Growing Veterans  
Mount Vernon, Washington

### Report on the Financial Statements

We have audited the accompanying financial statements of Growing Veterans as of December 31, 2015, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the period from inception (October 8, 2014) to December 31, 2015, 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 Growing Veterans as of December 31, 2015, and the changes in its net assets and its cash flows for the initial period then ended in accordance with accounting principles generally accepted in the United States of America.

*Larson Gross PLLC*

Bellingham, Washington  
April 7, 2016

Growing Veterans

**Statement of Financial Position**

December 31, 2015

<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 113,179
Receivables	836
Equipment held for sale at cost	<u>3,846</u>
Total current assets	117,861
<b>Property and equipment, net</b>	<u>34,044</u>
<b>Total assets</b>	<u><u>\$ 151,905</u></u>
<b>Liabilities and Net Assets</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 375
Accrued payroll and taxes	<u>12,196</u>
<b>Total liabilities</b>	12,571
<b>Net assets</b>	
Unrestricted net assets	37,292
Temporarily restricted net assets	<u>102,042</u>
<b>Total net assets</b>	<u>139,334</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 151,905</u></u>

Growing Veterans

**Statement of Activities**

Period from Inception (October 8, 2014) to December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Support			
Community grants and contributions	\$ 281,208	\$ 102,042	\$ 383,250
Carryover grants and contributions from Growing Washington	50,962	-	50,962
In-kind contributions and donated property and equipment	<u>33,066</u>	<u>-</u>	<u>33,066</u>
Total contributions	365,236	102,042	467,278
Revenue			
Farm and produce income	60,677	-	60,677
Interest income	158	-	158
Other income	<u>1,300</u>	<u>-</u>	<u>1,300</u>
Total revenue	62,135	-	62,135
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	427,371	102,042	529,413
<b>Operating expenses</b>			
Program services	305,957	-	305,957
Management and general	54,604	-	54,604
Fundraising	<u>29,518</u>	<u>-</u>	<u>29,518</u>
Total expenses	<u>390,079</u>	<u>-</u>	<u>390,079</u>
<b>Change in net assets</b>	37,292	102,042	139,334
<b>Net assets - beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net assets - end of year</b>	<u><u>\$ 37,292</u></u>	<u><u>\$ 102,042</u></u>	<u><u>\$ 139,334</u></u>

Growing Veterans

**Statement of Functional Expenses**

Period from Inception (October 8, 2014) to December 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages	\$ 152,439	\$ 28,986	\$ 19,319	\$ 200,744
Farm and produce direct expenses	70,398	33	109	70,540
Rent	25,100	-	-	25,100
Payroll taxes	16,036	2,888	1,823	20,747
In-kind expenses	-	12,750	5,963	18,713
Utilities	10,040	84	-	10,124
Repair and maintenance	9,929	-	-	9,929
Professional fees	5,197	703	-	5,900
Site fees	4,000	-	-	4,000
Depreciation	3,067	767	-	3,834
Online services	1,121	1,613	880	3,614
Merchandise	3,193	-	-	3,193
Vehicle	3,024	-	-	3,024
Marketing	-	2,162	717	2,879
Conferences and travel	975	195	707	1,877
Meals and entertainment	1,238	175	-	1,413
Office supplies	-	1,304	-	1,304
Miscellaneous	200	2,944	-	3,144
<b>Total expenses</b>	<u>\$ 305,957</u>	<u>\$ 54,604</u>	<u>\$ 29,518</u>	<u>\$ 390,079</u>

Growing Veterans

**Statement of Cash Flows**

Period from Inception (October 8, 2014) to December 31, 2015

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 139,334
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,834
Donated property and equipment	(14,354)
Increase in assets:	
Receivables	(836)
Increase in liabilities:	
Accounts payable	375
Accrued payroll and taxes	<u>12,196</u>
<b>Net cash provided by operating activities</b>	140,549
<b>Cash flows from investing activities</b>	
Purchase of equipment held for sale	(3,846)
Purchase of property and equipment	<u>(23,524)</u>
<b>Net cash used in investing activities</b>	<u>(27,370)</u>
Net increase in cash and cash equivalents	113,179
Cash and cash equivalents - beginning of year	<u>-</u>
<b>Cash and cash equivalents - end of year</b>	<u><u>\$ 113,179</u></u>

**Notes to Financial Statements**

December 31, 2015

**Note 1 - Summary of Significant Accounting Policies**

**Organization** - Growing Veterans (the Organization) is a not-for-profit Washington corporation formed on October 8, 2014, seeking to end the isolation experienced by United States veterans that leads to suicide and to make sustainable agriculture the norm. The mission of the Organization is to empower military veterans to grow food, communities, and each other. The Organization's operations rest upon three main programs:

**Farm-to-Market** - This program services as the platform for the Organization's other programs to rest on. This is where everything happens from peer-support, community engagement, model testing, and relationship building with supportive agencies.

**Outpost** - The Organization's outpost partnerships allow it to empower veteran leadership to create the same type of opportunities that it has at its main farm, to veterans and community members in other areas.

**Peer-Support** - This program enables veterans to become supporters of their fellow vets, while also helping the Organization attract veterans who are not otherwise seeking support to help them in their transition home and encouraging them to get the support they deserve.

Prior to its formation, and through December 31, 2014, the Organization's operations existed as a program of Growing Washington, a non-for-profit Washington corporation. Effective January 1, 2015, the Organization began operating independently from Growing Washington. Carryover grants and contributions from Growing Washington revenue consists of pledges and other cash that was held by Growing Washington as restricted in purpose for use in the Organization's operations, and subsequently transferred to the Organization.

**Basis of presentation** - The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to the following three classes of net assets:

**Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.

**Permanently restricted net assets** - Net assets subject to donor-imposed restrictions that do not expire. The Organization had no permanently restricted net assets as of December 31, 2015.

**Cash and cash equivalents** - Cash and cash equivalents consists of checking and money market accounts. The Organization maintains its cash in bank accounts that may exceed federal insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk. The Organization did not hold any cash in excess of FDIC limits as of December 31, 2015.

**Notes to Financial Statements**

December 31, 2015

**Note 1 - Summary of Significant Accounting Policies - (Continued)**

**Receivables** - Receivables are recorded at their net realizable value. Net realizable value is equal to the gross amount of receivables less an estimated allowance for doubtful accounts. Management of the Organization bases its estimates of doubtful accounts on several factors. These factors include the Organization's prior experience collecting grant receivables, the aging of the grant receivables at year end, and management's appraisal of current economic conditions. Based on the above factors, management considers all receivables to be fully collectible and therefore has not made any allowance for uncollectibility.

**Property and equipment** - The Organization capitalizes all property and equipment acquisitions in excess of \$1,000. Property and equipment are stated at cost if purchased and fair market value if received by donation. Depreciation is provided using straight-line methods based upon the estimated economic useful lives of the assets, which was five years for all property and equipment held at December 31, 2015. Repair and maintenance expenditures that do not extend useful life are expensed as incurred.

**Community grants and contributions** - Community grants and contributions (contributions) revenue is recognized when received or when an unconditional pledge is made, whichever occurs first. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of restrictions. If the Organization receives a temporarily restricted contribution and it meets the restrictions in the same year the contribution is received, then it records the contribution as unrestricted revenue.

**Farm and produce income** - Farm and produce income consists of retail sales and is recognized as revenue at the time of sale. Sales are recorded net of any taxes collected.

**Donated materials, land, building, equipment and services** - Financial Accounting Standards Board Accounting Standards Codification 958 requires that donated materials, land, building, equipment and services contributed by professionals that require specialized skills, be recognized as in-kind income and expenses. Contributed services that do not require special skills are not recognized. A number of volunteers have donated specific amounts of time to the Organization's services; such amounts are not reflected in these statements. The Organization received donated property and equipment totaling \$14,354 during the period initial period ended December 31, 2015.

**Advertising** - The Organization's policy is to expense advertising/marketing costs as incurred. Advertising/marketing expense totaled \$2,879 during the initial period ended December 31, 2015.

**Federal income tax** - Growing Veterans is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code, and therefore, is exempt from federal income tax. As of December 31, 2015, tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions.

**Notes to Financial Statements**

December 31, 2015

**Note 1 - Summary of Significant Accounting Policies - (Continued)**

**Concentration of credit risk** - Grants from two grantors make-up 54% of total community grants and contributions revenue during the initial period ended December 31, 2015.

**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 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.

**Subsequent events** - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 7, 2016, the date the financial statements were available to be issued.

**Note 2 - Property and Equipment**

Property and equipment consisted of the following as of December 31, 2015:

Vehicles	\$ 34,878
Equipment	<u>3,000</u>
Property and equipment, at cost	37,878
Less accumulated depreciation	<u>(3,834)</u>
Property and equipment, net	<u><u>\$ 34,044</u></u>

**Note 3 - Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following as of December 31, 2015:

Salaries and wages	\$ 70,114
Bookkeeping supplies and specific farm items	6,594
Cooler-wash station and facility improvements	5,553
Tractor, curriculum, and facilities renovation	<u>19,781</u>
	<u><u>\$ 102,042</u></u>

**Note 4 - Operating Leases**

The Organization leases its facilities under operating leases, which expired in February 2016, at which time the leases converted to month-to-month terms, including monthly rent totaling \$2,500. Rent expense totaled \$25,100 for the initial period ended December 31, 2015. Future minimum lease payments under these operating leases are \$5,000 for the year ending December 31, 2016.