

COMMUNITY CROPS
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014



**DANA F. COLE
& COMPANY** LLP
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY CROPS
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**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community CROPS
Lincoln, Nebraska

We have audited the accompanying financial statements of Community CROPS (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 Community CROPS as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dana J Cole + Company, LLP

Lincoln, Nebraska
April 25, 2016

COMMUNITY CROPS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS		2015	2014
CURRENT ASSETS			
Cash		68,626	13,551
Accounts receivable		68,984	40,862
Inventory		788	123
Prepaid expenses		3,859	3,644
Total current assets		<u>142,257</u>	<u>58,180</u>
FIXED ASSETS			
Equipment and furniture		51,709	36,655
Vehicles		14,968	7,699
Less accumulated depreciation		(32,374)	(25,290)
Total fixed assets		<u>34,303</u>	<u>19,064</u>
TOTAL ASSETS		<u><u>176,560</u></u>	<u><u>77,244</u></u>
LIABILITIES AND NET ASSETS (DEFICIT)			
LIABILITIES			
Accounts payable		51,655	4,501
Wages payable		5,475	5,837
Payroll taxes payable		8,500	4,927
Sales tax payable		1,437	571
Deferred sponsored program revenue		2,850	3,955
Deferred revenue		36,423	46,376
Note payable			<u>12,000</u>
Total liabilities		<u>106,340</u>	<u>78,167</u>
NET ASSETS (DEFICIT)			
Unrestricted		38,231	(923)
Temporarily restricted		<u>31,989</u>	
Total net assets (deficit)		<u>70,220</u>	<u>(923)</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)		<u><u>176,560</u></u>	<u><u>77,244</u></u>

See accompanying notes to financial statements.

COMMUNITY CROPS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT						
Grants	282,298	31,989	314,287	216,672		216,672
Program service revenue	94,515		94,515	116,987		116,987
Donations	76,790		76,790	72,561		72,561
United Way	8,500		8,500	6,000		6,000
Miscellaneous	931		931	499		499
Special events	19,680		19,680	17,474		17,474
Loss on sale of assets	(474)		(474)	(890)		(890)
Interest	78		78	19		19
Total revenue and other support	482,318	31,989	514,307	429,322		429,322
EXPENSES						
Program services	358,270		358,270	321,518		321,518
Management and general	46,370		46,370	52,411		52,411
Fundraising	38,524		38,524	41,414		41,414
Total expenses	443,164		443,164	415,343		415,343
CHANGE IN NET ASSETS	39,154	31,989	71,143	13,979		13,979
NET ASSETS (DEFICIT), beginning of year	(923)		(923)	(14,902)		(14,902)
NET ASSETS (DEFICIT), end of year	38,231	31,989	70,220	(923)		(923)

See accompanying notes to financial statements.

COMMUNITY CROPS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services					Management and General	Fund- raising	Total
	Community Supported Agriculture	Farm Program	Garden Program	Youth Program	Total Program Services			
EXPENSES								
Salaries	27,216	58,991	57,825	19,330	163,362	30,960	20,285	214,607
Payroll taxes	2,080	4,518	4,433	1,488	12,519	2,369	1,552	16,440
Employee benefits	146	703	842	722	2,413	181	90	2,684
Professional fees	392	1,887	1,572	938	4,789	838	243	5,870
Advertising	68	3,833	2,379		6,280		364	6,644
Contracted expense		45,783	6,182		51,965			51,965
Fundraising			3		3	43	13,788	13,834
Office expenses	123	613	723	312	1,771	301	73	2,145
Rent	1,100	5,308	4,415	2,633	13,456	1,362	682	15,500
Insurance	890	4,113	3,573	2,131	10,707	184	552	11,443
Postage	41	197	164	98	500	87	491	1,078
Printing and reproduction	94	410	404	43	951			951
Repairs and maintenance		372			372			372
Supplies	27,443	17,747	16,595	5,664	67,449			67,449
Taxes, licenses, and permits	9	41	35	21	106	132	5	243
Travel and mileage	540	4,957	3,344	1,522	10,363	347	219	10,929
Training and conferences		4,901	974	75	5,950	284		6,234
Memberships and dues	516	103	186	51	856	49	13	918
Utilities	433	2,232	851	508	4,024	566	131	4,721
Depreciation						7,295		7,295
Miscellaneous	35	172	144	83	434	1,372	36	1,842
Total expenses	<u>61,126</u>	<u>156,881</u>	<u>104,644</u>	<u>35,619</u>	<u>358,270</u>	<u>46,370</u>	<u>38,524</u>	<u>443,164</u>

See accompanying notes to financial statements.

COMMUNITY CROPS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	Program Services													
	Farm Projects						Garden Projects							
	Community Supported Agriculture	Ameri-Corps	Immigrant Sustainable Farming Pilot Project (SARE)	Nebraska Environmental Trust	Total Other Farm Projects	Total Farm Projects	Community Development (CDBG)	United Way Garden	Total Other Garden Projects	Total Garden Projects	Total Program Services	Management and General	Fund-raising	Total
EXPENSES														
Salaries	21,155	43,274	12,970	25,427	10,956	113,782	15,348		23,908	39,256	153,038	38,485	25,600	217,123
Payroll taxes	1,762	3,310	978	1,929	1,173	9,152	1,114		2,356	3,470	12,622	1,513	1,989	16,124
Employee benefits	490		180		372	1,042			910	910	1,952	135	120	2,207
Professional fees												6,410		6,410
Advertising	154			1,061	2,316	3,531					3,531		23	3,554
Contracted expense			1,361	814	2,018	4,193					4,193	50		4,243
Fundraising													11,548	11,548
Office expenses	474	64		18	629	1,185	690		785	1,475	2,660	181	161	3,002
Rent	6,454			1,250	1,116	8,820		1,225	4,236	5,461	14,281	923	286	15,490
Insurance	2,210	2,423			3,174	7,807		2,404	2,374	4,778	12,585	823	729	14,137
Postage	72				163	235				256	491	59	52	602
Printing and reproduction		4	396			400	839			839	1,239	498		1,737
Repairs and maintenance	113					113					113			113
Supplies	54,654	21	582	18,144	7,245	80,646	7,256		4,785	12,041	92,687	727		93,414
Taxes, licenses, and permits	89				200	289			316	316	605	73	65	743
Travel and mileage	1,017		554	846	1,285	3,702	395		4,576	4,971	8,673	790	413	9,876
Training and conferences			745		1,272	2,017			550	550	2,567	74		2,641
Memberships and dues	87				196	283			308	308	591	71	63	725
Utilities	644				916	1,560			1,470	1,470	3,030	581	295	3,906
Depreciation					4,330	4,330				1,370	5,700	948		6,648
Miscellaneous	125				349	474		28	458	486	960	70	70	1,100
Total expenses	<u>89,500</u>	<u>49,096</u>	<u>17,766</u>	<u>49,489</u>	<u>37,710</u>	<u>243,561</u>	<u>25,642</u>	<u>3,657</u>	<u>47,032</u>	<u>77,957</u>	<u>321,518</u>	<u>52,411</u>	<u>41,414</u>	<u>415,343</u>

See accompanying notes to financial statements.

COMMUNITY CROPS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>71,143</u>	<u>13,979</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,295	6,648
Noncash contribution	(7,852)	(4,381)
Realized loss on sale of fixed assets	474	890
(Increase) decrease in operating assets:		
Accounts receivable	(28,122)	(5,417)
Inventory	(665)	133
Prepaid expenses	(215)	244
Increase (decrease) in operating liabilities:		
Accounts payable	47,154	(14,805)
Wages payable	(362)	104
Payroll taxes payable	3,573	198
Sales tax payable	866	(1)
Deferred sponsored program revenue	(1,105)	(4,548)
Deferred revenue	<u>(9,953)</u>	<u>15,609</u>
Total adjustments	<u>11,088</u>	<u>(5,326)</u>
Net cash provided by operating activities	<u>82,231</u>	<u>8,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(15,371)	
Proceeds from sale of equipment	<u>215</u>	<u>750</u>
Net cash provided by (used in) investing activities	<u>(15,156)</u>	<u>750</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable		12,000
Repayment of note payable	<u>(12,000)</u>	<u>(10,000)</u>
Net cash provided by (used in) financing activities	<u>(12,000)</u>	<u>2,000</u>

COMMUNITY CROPS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
NET INCREASE IN CASH	55,075	11,403
CASH, beginning of year	<u>13,551</u>	<u>2,148</u>
CASH, end of year	<u>68,626</u>	<u>13,551</u>
 SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Total additions of property and equipment	23,223	4,381
Less noncash contributions of property and equipment	<u>(7,852)</u>	<u>(4,381)</u>
Payments for property and equipment	<u>15,371</u>	<u> </u>

See accompanying notes to financial statements.

COMMUNITY CROPS
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Community CROPS (Combining Resources, Opportunities, and People for Sustainability) is a nonprofit corporation organized to increase food security for refugees, immigrants, and low-income people in Nebraska through asset-based community development that provides resources and technical assistance to grow, market, and add value to locally-grown products. Community CROPS is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Nebraska law.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Organization utilizes FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. FASB ASC 958-205 sets standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories utilized by the Organization follows:

Unrestricted Net Assets

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains or losses on investments and any other assets or liabilities are reported as increases in unrestricted net assets unless their use is limited by donor stipulation or by laws. Unrestricted net assets include the revenues and expenses associated with the operations of Community CROPS.

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met, trust activity, deferred gifts, and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted or determined.

Permanently Restricted Net Assets

Permanently restricted net assets include gifts, trusts, and pledges receivable which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor.

There were no permanently restricted net assets as of December 31, 2015 and 2014.

COMMUNITY CROPS
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization utilizes FASB ASC 958-605, *Accounting for Contributions Received and Made*. FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There are no cash equivalents at December 31, 2015 and 2014.

Accounts Receivable

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for bad debts is considered necessary at year-end.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value, if donated. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives, which range from 5 to 10 years.

COMMUNITY CROPS
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Compensated Absences

Employees' vacation benefits are recognized when paid.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization's U.S. federal, state, and local income tax returns for 2012 and after are subject to examination by tax authorities.

Use of Estimates

The preparation of financial statements in accordance 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 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.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were \$6,644 and \$3,554 for the years 2015 and 2014, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the combined statement of functional expenses.

COMMUNITY CROPS
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Sponsored Program Revenue

The Organization acts as a fiscal sponsor for various entities. Amounts received on behalf of these entities, which have not been expensed during the year, are recorded as liabilities on the statement of financial position.

NOTE 2. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of receivables with a variety of grantors and others. Such credit risk is considered by management to be limited due to the broad financial resources of the Organization's grantors.

NOTE 3. NOTE PAYABLE

During the current year, the Organization paid off the \$12,000 note payable that was outstanding on December 31, 2014, with quarterly installments. The balance at December 31, 2015, was \$- 0 -.

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015, consisted of:

Strategic Planning	15,000
School community gardens and website redesign	10,000
Gardening and art programs	<u>6,989</u>
Total	<u>31,989</u>

NOTE 5. LEASES AND COMMITMENTS

Community CROPS conducts its operations with offices leased for a monthly payment of \$791 under a one-year lease expiring at the end of August 2016. There is an option to renew the lease for an additional one year with a potential increased rental cost which is not to exceed ten percent of the current payment.

Community CROPS has entered into a one-year lease with a self-storage facility and this lease is to expire at the end of August 2016. The monthly lease payment is \$510.

In March 2013, the Organization entered into a five-year lease with the Board of Regents of the University of Nebraska for farmland. The lease provides for the option to extend the lease for an additional four periods of five years each. The annual lease payment of \$10 is due July 1 of each year of the lease term.

COMMUNITY CROPS
NOTES TO FINANCIAL STATEMENTS

NOTE 5. LEASES AND COMMITMENTS (Continued)

At December 31, 2015, a schedule of the future minimum rental payments required under the above is as follows:

Years Ending December 31,	
2016	10,418
2017	<u>10</u>
Total	<u>10,428</u>

NOTE 6. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2015, the Organization made payments to one of its board members for marketing and consulting services provided to the Organization. The total amount of these payments for the year ended December 31, 2015 was \$669.

NOTE 7. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 25, 2016, the date the financial statements were available to be issued.