

COMMUNITY CROPS  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY CROPS  
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## 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, 2017 and 2016, 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, 2017 and 2016, 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, 2018

COMMUNITY CROPS  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
<b>CURRENT ASSETS</b>		
Cash	76,736	34,763
Grants receivable	35,842	46,593
Inventory	546	493
Prepaid expenses	3,626	3,784
Total current assets	<u>116,750</u>	<u>85,633</u>
<b>FIXED ASSETS</b>		
Equipment and furniture	64,188	59,946
Vehicles	16,440	16,440
Less accumulated depreciation	<u>(49,082)</u>	<u>(38,227)</u>
Total fixed assets	<u>31,546</u>	<u>38,159</u>
<b>TOTAL ASSETS</b>	<u><u>148,296</u></u>	<u><u>123,792</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	8,102	37,221
Wages payable	8,898	10,387
Payroll taxes payable	4,306	4,391
Sales tax payable	21	1,437
Deferred sponsored program revenue	1,764	2,105
Gardener deposits	4,857	1,704
Deferred revenue	<u>70,225</u>	<u>8,481</u>
Total liabilities	<u>98,173</u>	<u>65,726</u>
<b>NET ASSETS</b>		
Unrestricted	37,221	37,816
Temporarily restricted	<u>12,902</u>	<u>20,250</u>
Total net assets	<u>50,123</u>	<u>58,066</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>148,296</u></u>	<u><u>123,792</u></u>

See accompanying notes to financial statements.

COMMUNITY CROPS  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>						
Grants	227,789	12,902	240,691	250,951	20,250	271,201
Program service revenue	70,124		70,124	46,010		46,010
Donations	72,527		72,527	79,933		79,933
United Way	9,042		9,042	8,250		8,250
Miscellaneous	3,711		3,711	4,505		4,505
Special events	26,601		26,601	21,749		21,749
Loss on sale of assets				(331)		(331)
Interest	82		82	71		71
	409,876	12,902	422,778	411,138	20,250	431,388
Net assets released from restrictions						
Satisfaction of program restrictions	20,250	(20,250)		31,989	(31,989)	
Total revenue and other support	430,126	(7,348)	422,778	443,127	(11,739)	431,388
<b>EXPENSES</b>						
Program services	313,181		313,181	307,379		307,379
Management and general	67,412		67,412	81,773		81,773
Fundraising	50,128		50,128	54,390		54,390
Total expenses	430,721		430,721	443,542		443,542
<b>CHANGE IN NET ASSETS</b>	(595)	(7,348)	(7,943)	(415)	(11,739)	(12,154)
<b>NET ASSETS, beginning of year</b>	37,816	20,250	58,066	38,231	31,989	70,220
<b>NET ASSETS, end of year</b>	37,221	12,902	50,123	37,816	20,250	58,066

See accompanying notes to financial statements.

COMMUNITY CROPS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2017

	Program Services					Total Program Services	Management and General	Fund- raising	Total
	Community Supported Agriculture	Farm Program	Garden Program	Greenhouse Program	Youth Program				
EXPENSES									
Salaries	5,033	45,799	59,035	5,078	45,862	160,807	35,178	24,742	220,727
Payroll taxes	410	3,550	4,616	389	3,489	12,454	2,643	1,895	16,992
Employee benefits	57	530	515		1,048	2,150	2,129	199	4,478
Professional fees	273	2,839	2,700		954	6,766	242	1,008	8,016
Advertising	225	8,244	31	10	59	8,569	179	330	9,078
Contracted expense		7,886				7,886			7,886
Fundraising							148	15,004	15,152
Office expenses	28	2,790	1,855		876	5,549	759	311	6,619
Rent	531	5,680	3,944	2,969	1,681	14,805	281	1,975	17,061
Insurance	225	2,432	2,301	9	993	5,960	7,648	882	14,490
Postage	7	111	171	6	69	364	68	100	532
Printing and reproduction		196	382		202	780		980	1,760
Repairs and maintenance		4,576				4,576			4,576
Supplies	3,763	25,764	12,906	8,053	6,147	56,633	753	1,225	58,611
Taxes, licenses, and permits	5	108	114	7	65	299	64	47	410
Travel and mileage	93	6,899	5,052	13	1,050	13,107	56	418	13,581
Training and conferences		4,220	481		281	4,982	601		5,583
Memberships and dues	9	367	180		67	623	72	393	1,088
Utilities	801	2,217	1,194	1,402	487	6,101	587	462	7,150
Depreciation							10,855		10,855
Miscellaneous	132	168	430		40	770	5,149	157	6,076
Total expenses	<u>11,592</u>	<u>124,376</u>	<u>95,907</u>	<u>17,936</u>	<u>63,370</u>	<u>313,181</u>	<u>67,412</u>	<u>50,128</u>	<u>430,721</u>

See accompanying notes to financial statements.

COMMUNITY CROPS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2016

	Program Services					Management and General	Fund- raising	Total
	Community Supported Agriculture	Farm Program	Garden Program	Youth Program	Total Program Services			
EXPENSES								
Salaries	5,095	60,695	61,397	23,641	150,828	40,316	27,270	218,414
Payroll taxes	427	4,467	4,593	1,874	11,361	2,840	2,222	16,423
Employee benefits	74	777	636	210	1,697	307	223	2,227
Professional fees	146	1,653	1,550	473	3,822	1,590	568	5,980
Advertising	155	3,018	269		3,442	39	614	4,095
Contracted expense		29,861	5,859	1,000	36,720	17,490		54,210
Fundraising	1	13	12	4	30	280	18,078	18,388
Office expenses	52	2,725	617	179	3,573	484	215	4,272
Rent	959	4,779	4,432	1,442	11,612	2,339	1,554	15,505
Insurance	365	3,958	3,837	1,470	9,630	1,889	1,338	12,857
Postage	18	193	180	64	455	124	340	919
Printing and reproduction	26	640	280	35	981	50	969	2,000
Supplies	4,588	30,524	19,982	2,942	58,036	31		58,067
Taxes, licenses, and permits						200		200
Travel and mileage	60	3,564	1,821	651	6,096	270	274	6,640
Training and conferences		4,000	639		4,639	1,606	265	6,510
Memberships and dues	10	104	98	29	241	48	36	325
Utilities	628	1,798	1,064	319	3,809	1,070	390	5,269
Depreciation						8,984		8,984
Miscellaneous	16	102	177	112	407	1,816	34	2,257
Total expenses	<u>12,620</u>	<u>152,871</u>	<u>107,443</u>	<u>34,445</u>	<u>307,379</u>	<u>81,773</u>	<u>54,390</u>	<u>443,542</u>

See accompanying notes to financial statements.



COMMUNITY CROPS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>(7,943)</u>	<u>(12,154)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,855	8,984
Noncash contribution		(5,234)
Realized loss on sale of fixed assets		331
(Increase) decrease in operating assets:		
Grants receivable	10,751	22,391
Inventory	(53)	295
Prepaid expenses	158	75
Increase (decrease) in operating liabilities:		
Accounts payable	(29,119)	(14,434)
Wages payable	(1,489)	4,912
Payroll taxes payable	(85)	(4,109)
Sales tax payable	(1,416)	
Deferred sponsored program revenue	(341)	(745)
Gardener deposits	3,153	1,704
Deferred revenue	<u>61,744</u>	<u>(27,942)</u>
Total adjustments	<u>54,158</u>	<u>(13,772)</u>
Net cash provided by (used in) operating activities	<u>46,215</u>	<u>(25,926)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(4,242)	(9,037)
Proceeds from sale of equipment		<u>1,100</u>
Net cash used in investing activities	<u>(4,242)</u>	<u>(7,937)</u>
NET INCREASE (DECREASE) IN CASH	41,973	(33,863)
CASH, beginning of year	<u>34,763</u>	<u>68,626</u>
CASH, end of year	<u>76,736</u>	<u>34,763</u>

COMMUNITY CROPS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Total additions of property and equipment	4,242	14,271
Less noncash contributions of property and equipment		<u>(5,234)</u>
Payments for property and equipment	<u>4,242</u>	<u>9,037</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, 2017 and 2016.

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, 2017 and 2016.

Grants Receivable

Grants receivable have been adjusted for all known uncollectible grants. 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 net realizable value. 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 believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the financial statements.

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 \$9,078 and \$4,095 for the years 2017 and 2016, 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 principally of grants receivable from several grantors. Such credit risk is considered by the Organization to be limited due to commitment of the grantor, their financial resources, and their support of the program for which the grant is intended. As of December 31, 2017 and 2016, the Organization had no significant concentrations of credit risk.

NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017, consisted of:

Youth program	10,000
Gardening programs	<u>2,902</u>
Total	<u>12,902</u>

NOTE 4. LEASES AND COMMITMENTS

Community CROPS conducts its operations with offices leased for a monthly payment of \$791 under a one-year lease that expired at the end of August 2017. This lease was continued on a month-to-month basis at the same monthly payment amount.

Community CROPS has entered into a month-to-month lease with a self-storage facility. The monthly lease payment is \$550.

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.

NOTE 5. SUBSEQUENT EVENTS

In February 2018, the Organization signed a new 36-month lease for new office space for a monthly payment of \$900 for the first 12 months and an amount to be agreed upon later for the remaining of the lease term. Also in February 2018, the Organization has entered into a sublease of this space of which the Organization will receive \$350 monthly.

COMMUNITY CROPS  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. SUBSEQUENT EVENTS (Continued)

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 25, 2018, the date the financial statements were available to be issued.