

Cheryl Rohlf & Associates, Ltd.

Certified Public Accountants

GROWING HOME, INC.

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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INDEPENDENT AUDITOR'S REPORT

June 3, 2019

To the Board of Directors
Growing Home, Inc.
Chicago, Illinois

We have audited the accompanying financial statements of Growing Home, Inc. (an Illinois nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

Auditor's 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.

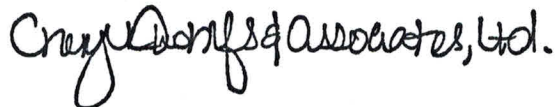
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Growing Home, Inc. as of December 31, 2018 and 2017, 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.

A handwritten signature in black ink that reads "Cheryl Rohlfs & Associates, Ltd." in a cursive, flowing script.

CHERYL ROHLFS & ASSOCIATES, LTD.
Northbrook, Illinois

GROWING HOME, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 117,070	\$ 110,040
Accounts Receivable	39,449	36,801
Unconditional Promises to Give	58,772	161,898
Prepaid Expenses	23,064	26,227
Security Deposits	<u>1,600</u>	<u>1,600</u>
Total Current Assets	239,955	336,566
Long-Term Assets:		
Property and Equipment, Net of Accumulated Depreciation	<u>1,208,418</u>	<u>835,687</u>
Total Assets	<u><u>\$ 1,448,373</u></u>	<u><u>\$ 1,172,253</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Line of Credit	\$ 200,000	\$ 112,000
Current Maturities of Long-Term Debt	204,489	29,777
Accounts Payable	15,392	9,610
Accrued Expenses	<u>73,260</u>	<u>55,819</u>
Total Current Liabilities	493,141	207,206
Long-Term Liabilities:		
Long-Term Debt, Net of Current Maturities	<u>11,003</u>	<u>199,166</u>
Total Liabilities	<u><u>\$ 504,144</u></u>	<u><u>\$ 406,372</u></u>
Net Assets:		
Without Donor Restrictions	879,229	643,881
With Donor Restrictions	<u>65,000</u>	<u>122,000</u>
Total Net Assets	<u><u>944,229</u></u>	<u><u>765,881</u></u>
Total Liabilities and Net Assets	<u><u>\$ 1,448,373</u></u>	<u><u>\$ 1,172,253</u></u>

See accompanying notes and independent auditor's report.

GROWING HOME, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Without Donor Restrictions	With Donor Restrictions	2018 Total
REVENUE, GAINS AND OTHER SUPPORT			
Public Support:			
Grants	\$ 307,000	\$ 326,605	\$ 633,605
Government Grants	175,010	-	175,010
Contributions	304,048	15,000	319,048
In-kind Donations	440,037	-	440,037
Special Events, net of expenses of \$50,468	256,876	-	256,876
Total Public Support	<u>1,482,971</u>	<u>341,605</u>	<u>1,824,576</u>
Other Revenues:			
Farm Sales	73,247	-	73,247
Other Income	850	-	850
Interest Income	1,390	-	1,390
Total Other Revenues	<u>75,487</u>	<u>-</u>	<u>75,487</u>
Total Revenues and Gains	<u>1,558,458</u>	<u>341,605</u>	<u>1,900,063</u>
Net Assets Released From Restrictions:			
Satisfied by Payments	<u>398,605</u>	<u>(398,605)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>\$ 1,957,063</u>	<u>\$ (57,000)</u>	<u>\$ 1,900,063</u>
EXPENSES			
Program Services	\$ 1,274,580	\$ -	\$ 1,274,580
Supporting Services:			
Management and General	181,779	-	181,779
Fundraising Expenses	265,356	-	265,356
Total Expenses	<u>\$ 1,721,715</u>	<u>\$ -</u>	<u>\$ 1,721,715</u>
CHANGE IN NET ASSETS	\$ 235,348	\$ (57,000)	\$ 178,348
NET ASSETS AT BEGINNING OF YEAR	<u>\$ 643,881</u>	<u>\$ 122,000</u>	<u>\$ 765,881</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 879,229</u></u>	<u><u>\$ 65,000</u></u>	<u><u>\$ 944,229</u></u>

See accompanying notes and independent auditor's report.

GROWING HOME, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

	Without Donor Restrictions	With Donor Restrictions	2017 Total
REVENUE, GAINS AND OTHER SUPPORT			
Public Support:			
Grants	\$ 397,250	\$ 321,882	\$ 719,132
Government Grants	233,868	-	233,868
Contributions	224,071	20,000	244,071
In-kind Donations	9,470	-	9,470
Special Events, net expenses of \$45,103	240,661	-	240,661
Total Public Support	<u>1,105,320</u>	<u>341,882</u>	<u>1,447,202</u>
Other Revenues:			
Farm Sales	101,529	-	101,529
Other Income	952	-	952
Interest Income	665	-	665
Total Other Revenues	<u>103,146</u>	<u>-</u>	<u>103,146</u>
Total Revenues and Gains	<u>1,208,466</u>	<u>341,882</u>	<u>1,550,348</u>
Net Assets Released From Restrictions:			
Satisfied by Payments	<u>261,549</u>	<u>(261,549)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>\$ 1,470,015</u>	<u>\$ 80,333</u>	<u>\$ 1,550,348</u>
EXPENSES			
Program Services	\$ 1,201,919	\$ -	\$ 1,201,919
Supporting Services:			
Management and General	141,869	-	141,869
Fundraising Expenses	231,505	-	231,505
Total Expenses	<u>\$ 1,575,293</u>	<u>\$ -</u>	<u>\$ 1,575,293</u>
CHANGE IN NET ASSETS	\$ (105,278)	\$ 80,333	\$ (24,945)
NET ASSETS AT BEGINNING OF YEAR	<u>\$ 749,159</u>	<u>\$ 41,667</u>	<u>\$ 790,826</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 643,881</u></u>	<u><u>\$ 122,000</u></u>	<u><u>\$ 765,881</u></u>

See accompanying notes and independent auditor's report.

GROWING HOME, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Program Services	Supporting Services		2018 Total
		Management and General	Fundraising	
Compensation and Related Expenses:				
Compensation	\$ 682,846	\$ 102,380	\$ 154,040	\$ 939,266
Employee Benefits	102,602	15,383	23,145	141,130
Payroll Taxes	67,168	10,071	15,151	92,390
	<u>\$ 852,616</u>	<u>\$ 127,834</u>	<u>\$ 192,336</u>	<u>\$ 1,172,786</u>
Production Assistants	169,189	-	-	169,189
Contract Services and Consulting	10,338	2,037	865	13,240
In Kind Contributions Expenses	5,287	2,138	24,701	32,126
Dues and Subscriptions	2,358	1,099	220	3,677
Equipment	30,973	343	38	31,354
Fees	9,840	176	-	10,016
Information Technology	11,390	2,359	4,162	17,911
Insurance	6,613	60	1,706	8,379
Interest Expense	14,070	4,733	-	18,803
Professional Fees	35,007	22,158	25,022	82,187
Public Relations	715	2,364	2,572	5,651
Rent	-	8,905	7,535	16,440
Repairs and Maintenance	550	-	-	550
Sales Tax	1,512	-	-	1,512
Security	41,446	-	-	41,446
Supplies	22,515	2,536	1,409	26,460
Travel and Meetings	9,399	1,613	1,413	12,425
Utilities	14,343	1,277	1,426	17,046
Bank and Credit Card Fees	562	2,147	1,951	4,660
Total Expenses Before Depreciation	<u>\$ 1,238,723</u>	<u>\$ 181,779</u>	<u>\$ 265,356</u>	<u>\$ 1,685,858</u>
Depreciation	<u>35,857</u>	<u>-</u>	<u>-</u>	<u>35,857</u>
TOTAL EXPENSES	<u><u>\$ 1,274,580</u></u>	<u><u>\$ 181,779</u></u>	<u><u>\$ 265,356</u></u>	<u><u>\$ 1,721,715</u></u>

See accompanying notes and independent auditor's report.

GROWING HOME, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

	Program Services	Supporting Services		2017 Total
		Management and General	Fundraising	
Compensation and Related Expenses:				
Compensation	\$ 658,427	\$ 76,172	\$ 163,285	\$ 897,884
Employee Benefits	91,351	21,947	20,975	134,273
Payroll Taxes	50,330	5,820	12,485	68,635
	<u>\$ 800,108</u>	<u>\$ 103,939</u>	<u>\$ 196,745</u>	<u>\$ 1,100,792</u>
Production Assistants	183,700	-	-	183,700
Contract Services and Consulting	4,707	3,420	1,026	9,153
In Kind Contributions Expenses	5,528	892	3,050	9,470
Dues and Subscriptions	2,956	919	612	4,487
Equipment	9,809	1,627	1,364	12,800
Fees	6,310	35	-	6,345
Information Technology	235	3,105	1,328	4,668
Insurance	7,816	2,856	1,036	11,708
Interest Expense	14,672	3,366	-	18,038
Professional Fees	36,428	4,369	6,554	47,351
Public Relations	638	3,841	4,872	9,351
Real Estate Taxes	1,921	-	-	1,921
Rent	-	8,220	8,220	16,440
Repairs and Maintenance	142	-	-	142
Sales Tax	2,624	-	-	2,624
Security	37,408	100	-	37,508
Supplies	24,449	1,507	355	26,311
Travel and Meetings	11,536	902	1,147	13,585
Utilities	12,863	1,728	1,596	16,187
Bank and Credit Card Fees	838	966	3,350	5,154
Miscellaneous	75	77	250	402
Total Expenses Before Depreciation	<u>\$ 1,164,763</u>	<u>\$ 141,869</u>	<u>\$ 231,505</u>	<u>\$ 1,538,137</u>
Depreciation	<u>37,156</u>	<u>-</u>	<u>-</u>	<u>37,156</u>
TOTAL EXPENSES	<u><u>\$ 1,201,919</u></u>	<u><u>\$ 141,869</u></u>	<u><u>\$ 231,505</u></u>	<u><u>\$ 1,575,293</u></u>

See accompanying notes and independent auditor's report.

GROWING HOME, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 178,348	\$ (24,945)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	35,857	37,156
Gain on Disposal of Equipment	-	(52)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(2,648)	11,681
Unconditional Promises to Give	103,126	(77,074)
Prepaid Expenses	3,163	(11,575)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	5,782	(14,785)
Accrued Expenses	<u>17,441</u>	<u>6,153</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>341,069</u>	<u>\$ (73,441)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchases) Sale of Property and Equipment	\$ (676)	\$ 500
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>\$ (676)</u>	<u>\$ 500</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Donor Restricted Contribution of Land and Land Improvements	\$ (407,912)	\$ -
Proceeds from the Line of Credit	88,000	97,000
Payments on Notes Payable	<u>(13,451)</u>	<u>(12,848)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>\$ (333,363)</u>	<u>\$ 84,152</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 7,030	\$ 11,211
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>110,040</u>	<u>98,829</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 117,070</u></u>	<u><u>\$ 110,040</u></u>
Supplementary Information:		
Cash Paid During the Year for Interest	<u><u>\$ 18,803</u></u>	<u><u>\$ 18,038</u></u>

See accompanying notes and independent auditor's report

**GROWING HOME, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

1. NATURE OF THE ORGANIZATION

Growing Home, Inc. (Organization) was incorporated as an Illinois not-for-profit corporation and is located in Chicago, Illinois. The Organization's mission is to operate, promote and demonstrate the use of organic agriculture as a vehicle for job training, employment and community development. Growing Home, Inc.'s vision is to have a world of healthy people and communities. Everyone deserves to have a good job and everyone deserves to eat well.

Since 2002, Growing Home, Inc. has been helping people find meaningful careers through skills learned while farming. The Organization provides farm-based training for people with employment barriers by providing 25 hours per week of paid on-the-job experience and job readiness training on a farm, plus the support to conquer issues like criminal records, medical needs, child-care and housing. The farms are located in Englewood, a south side Chicago community, which has experienced high rates of unemployment and poverty and lack of healthy food choices. The Production Assistants are trained in job skills, through real work experience, and supported through assistance in job placement and life planning.

During 2018 and 2017, the Organization received funding through government contracts with City of Chicago Department of Family and Support Services, the U.S. Department of Agriculture, Cook County, IL and the Illinois Department of Corrections and Cook County in Illinois.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use of that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property

and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

The Organization considers cash in checking, savings and money market accounts to be cash and cash equivalents.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are uncollateralized customer balances due under normal terms. Payments of accounts receivable are allocated to the specific invoices identified by the customer. Management reviews all accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. At December 31, 2018 and 2017, there were no required balance in the allowance for doubtful accounts.

Property and Equipment

It is the Organization's policy to capitalize property and equipment more than \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations for property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Property and equipment are depreciated using the straight-line method over the useful lives of the assets as follows:

Buildings	39 years
Building Improvements	10-39 years
Land Improvements	15 years
Equipment	5-10 years
Office Equipment	3-5 years
Vehicle	5 years

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).

Expense Allocations

The costs of providing program and supporting services have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, costs have been allocated between the program services and the supporting services in a direct functional method, when applicable, and on the basis of proportional use of the service provided.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased by the Organization. Donated services are recorded at their fair values in the year received, totaling \$27,632 and \$8,558 for the years ended December 31, 2018 and 2017, respectively.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 643,881	\$ -
Temporarily restricted net assets	122,000	-
Net assets without donor restrictions	-	643,881
Net assets with donor restrictions	<u>-</u>	<u>122,000</u>
Total net assets	<u>\$ 765,881</u>	<u>\$ 765,881</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 374,311	\$ 332,878
Buildings	352,764	352,764
Building Improvements	37,132	37,132
Land Improvements	691,488	324,333
Equipment	36,738	36,738
Office Equipment	4,762	4,762
Vehicles	<u>20,637</u>	<u>20,637</u>
	1,517,832	1,109,244
Less Accumulated Depreciation	<u>(309,414)</u>	<u>(273,557)</u>
Total Property and Equipment	<u>\$ 1,208,418</u>	<u>\$ 835,687</u>

5. LINE OF CREDIT AGREEMENT

The Organization has a \$200,000 line of credit agreement, of which \$200,000 was utilized at December 31, 2018 and \$112,000 was utilized at December 31, 2017. Bank advances on the credit line are payable on demand and carry an interest rate of the Lender's Reference Rate plus 1.5%, but under no circumstances will the interest rate be less than 5.75% per annum. At December 31, 2018, the interest rate was 7.0%. The interest rate was 6.0% at December 31, 2017.

The revolving line of credit agreement matured on April 15, 2018 and was renewed under similar terms with a maturity date of June 30, 2019. The interest rate was revised requiring the minimum interest rate shall not be less than 6.25%. The line of credit is collateralized by substantially all of the Organization's assets. The Organization was not in compliance with its 120 day audit issuance covenant for the years ended December 31, 2018 and 2017 and subsequently obtained a waiver of the violation.

6. DEBT OBLIGATIONS

Debt Obligations consisted of the following:

	<u>2018</u>	<u>2017</u>
Note payable dated July 23, 2009, originally for \$250,000 payable to Chicago Community Loan Fund, extended for five years to August 1, 2019, when outstanding principal and interest are payable. The note requires monthly payments of principal and interest of \$1,691, with interest at 6.5%. The note is secured by land and property held by the Organization.	\$ 198,554	\$ 205,691

Note payable was dated April 12, 2012 for the original amount of \$50,000. The note requires monthly payments of principal and interest of \$602 at 4% interest through May 1, 2018, when the outstanding principle and interest will be payable. The note has been renewed for a three-year term to August 1, 2021 at an interest rate of 5.25%. The note is secured by the farm equipment of the Organization.

	<u>16,938</u>	<u>23,252</u>
Total Debt Obligations	<u>\$ 215,492</u>	<u>\$ 228,943</u>

Both note payables contain a 60 day audit issuance covenant for the years ended December 31, 2018 and 2017. The Organization has obtained a waiver of the violation subsequent to year-end for 2018 and 2017. Management believes that the Organization was in compliance with the other covenants as of and for the years ended December 31, 2018 and 2017. Future maturities of the notes payable as of December 31, 2018 were \$199,166.

7. LEASE COMMITMENTS

The Organization leases office space in Chicago, Illinois under an operating lease that expired in a previous year. The Organization has continued to lease the space on a month-to-month basis to May 2019. Rent expense was \$16,440 for the years ended December 31, 2018 and 2017.

The Organization entered into an operating lease agreement on May 13, 2019 for new office space in Englewood, Illinois. The lease has a three-year term to May 2022, at a monthly rental of \$1,250 per month. The lease contains an option term of two years that may be exercised by the Organization.

Future minimum rentals under the operating lease is:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2019	\$ 10,000
December 31, 2020	15,000
December 31, 2021	15,000
December 31, 2022	5,000
Total	<u>\$ 45,000</u>

The Organization entered into a lease for approximately 37,000 square feet of land from another Illinois not-for-profit organization, NeighborSpace, in June 2012 in Chicago, Illinois. The lease has a ten year term and has a \$1 per year minimum rental, due in total at the commencement date of the lease. The land was leased to expand the urban agricultural operations. The Organization must maintain the premises in good condition, pay all utilities and carry property insurance and workers' compensation coverage.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions as of December 31, 2018 are \$65,000, available for future use, including \$50,000 with a time restriction for 2019, \$10,000 for the Honore Street South Farm and \$5,000 for Strategic Planning.

Net assets with donor restrictions as of December 31, 2017 of \$122,000 are available for future use. These net assets are donor purpose restricted for a software program of \$2,000 and for space issues at the Wood Street location of \$20,000. Also included was a time-restricted contribution of \$100,000 for use in a future year for general operating expenses.

9. CONVEYANCE OF LAND FROM THE CITY OF CHICAGO

In September 2017, the City of Chicago's Community Development Commission recommended the conveyance of a parcel of land for an amount of \$1 to Growing Home, Inc. to expand its urban farm operations, documented in a resolution by the Community Development Commission to the City's Department of Planning and Development. The City Council of Chicago approved this conveyance of the interest in the real property on December 13, 2017. Growing Home, Inc. can solely use the property as an urban agricultural and job transition center and for not-for-profit ancillary and accessory uses, unless an alternative use is approved in writing at the sole discretion of the City's Department of Planning and Development.

The property is located in the 63rd Street/Ashland Redevelopment Project Area in the City of Chicago. The covenant shall terminate 10 years from the conveyance of the property, unless the Commissioner of the Department of Planning and Development releases the covenant upon the request of Growing Home, Inc. before that date.

The conveyance of the property was finalized on June 11, 2018, when the City of Chicago sold the parcel for \$1. Prior to the conveyance of the property, the City of Chicago incurred and donated \$367,155 of land improvements to clear and prepare the property for the Organization. The fair value of the land and related costs were recorded at \$41,432.

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Growing Home, Inc. has a strong contributor base composed of various foundations, corporations, government contracts and individuals that contribute annually. Our largest annual contribution only equates to 7% of our budget (DFSS). The Organization is supported by over thirty grant-makers and nearly six hundred individuals. These annual commitments are created with relationship building and shown commitment to our programs by the staff, management, board, participants and donors. Growing Home, Inc. operates with a balanced budget each year. During the last few years, we have funded an operating reserve each month.

Growing Home, Inc.'s operating and program expenses are somewhat seasonal. The ramping up for the growing season, the cohorts of Production Assistants, as recipients of the program, and the various programs, are heaviest in the late spring, summer and early fall. Growing Home, Inc. maintains a line of credit to help mitigate cash fluctuations.

The following are Growing Home, Inc.'s financial assets as of the balance sheet date, reduced by amounts not available for general use within one year:

Financial Assets at year-end:	
Cash and Cash Equivalents	\$ 117,070
Accounts Receivable	39,449
Unconditional Promise to Give	58,772
Security Deposit	<u>1,600</u>
Total Financial Assets	<u>\$ 216,891</u>
Less: amount not available to be used within one year	
Net Assets with donor restrictions	<u>(65,000)</u>
Financial Assets available to meet general expenditures	
Over the next twelve months	<u>\$ 151,891</u>

11. EVALUATION OF SUBSEQUENT EVENTS

Management has reviewed and evaluated subsequent events through June 3, 2019, the date which the financial statements were available to be issued.