

**FOODSHED CAPITAL**

**Charlottesville, Virginia**

**FINANCIAL REPORT**

**December 31, 2020**

## **C O N T E N T S**

|                                     | <b>Page</b> |
|-------------------------------------|-------------|
| <b>INDEPENDENT AUDITOR'S REPORT</b> | 1 and 2     |
| <b>FINANCIAL STATEMENTS</b>         |             |
| Statement of financial position     | 3           |
| Statement of activities             | 4           |
| Statement of cash flows             | 5           |
| Notes to financial statements       | 6-15        |



50 S. Cameron St.  
Winchester, VA 22601

540.662.3417

YHBcpa.com

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Foodshed Capital  
Charlottesville, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Foodshed Capital (the Organization), which comprise the statement of financial position as of December 31, 2020, the related statements of activities and cash flows for the year 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 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 Organization'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 Organization'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 presently fairly, in all material respects, the financial position of Foodshed Capital as of December 31, 2020, and the change 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.

*Yount, Hyde & Barbour, P.C.*

Winchester, Virginia  
January 28, 2021

**FOODSHED CAPITAL**

**Statement of Financial Position**

December 31, 2020

| <b>Assets</b>   |                   |
|---|-------------------|
| <b>Current Assets,</b>  |                   |
| Cash and cash equivalents                                       | \$ 413,777        |
| Grants receivable   | 60,000            |
| Other receivable  | 10,000            |
| Other current asset   | 1,300             |
| Accrued interest receivable                                     | 189               |
| Loans receivable, net of discount and allowance for loan losses | <u>98,542</u>     |
|   | <u>\$ 583,808</u> |
| <b>Non-Current Assets,</b>                                      |                   |
| loans receivable, net of discount and allowance for loan losses | <u>\$ 74,878</u>  |
| <br>  |                   |
| Total assets  | <u>\$ 658,686</u> |
| <br>  |                   |
| <b>Liabilities and Net Assets</b>                               |                   |
| <br>  |                   |
| <b>Current Liabilities,</b>                                     |                   |
| accrued expenses  | <u>\$ 5,354</u>   |
| <br>  |                   |
| <b>Long Term Debt,</b> including program - related investments  | <u>\$ 267,622</u> |
| <br>  |                   |
| Total liabilities   | <u>\$ 272,976</u> |
| <br>  |                   |
| <b>Net Assets</b>   |                   |
| Without donor restrictions                                      | \$ 188,601        |
| With donor restrictions   | <u>197,109</u>    |
| Total net assets  | <u>\$ 385,710</u> |
| <br>  |                   |
| Total liabilities and net assets                                | <u>\$ 658,686</u> |

See Notes to Financial Statements.

**FOODSHED CAPITAL**

**Statement of Activities**  
Year Ended December 31, 2020

|   | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>Total</b> |
|---|---|--|--------------|
| <b>Revenue and Support</b>                                    |   |  |              |
| Grants and contributions                                      | \$ 80,892                                 | \$ 228,359                             | \$ 309,251   |
| Loan discount amortization                                    | 5,605                                     | --                                     | 5,605        |
| Interest income   | 190                                       | --                                     | 190          |
| Net assets released from restriction                          | 101,500                                   | (101,500)                              | --           |
| Total revenue and support                                     | \$ 188,187                                | \$ 126,859                             | \$ 315,046   |
| <b>Expenses</b>   |   |  |              |
| Program services  | \$ 87,463                                 | \$ --                                  | \$ 87,463    |
| Management and general  | 26,366                                    | --                                     | 26,366       |
| Fundraising   | 1,184                                     | --                                     | 1,184        |
| Total expenses  | \$ 115,013                                | \$ --                                  | \$ 115,013   |
| Change in net assets  | \$ 73,174                                 | \$ 126,859                             | \$ 200,033   |
| Net assets, beginning of year, before prior period adjustment | \$ 129,330                                | \$ 70,250                              | \$ 199,580   |
| Prior period adjustment                                       | (13,903)                                  | --                                     | (13,903)     |
| Net assets, beginning of year, after prior period adjustment  | \$ 115,427                                | \$ 70,250                              | \$ 185,677   |
| Net assets, end of year                                       | \$ 188,601                                | \$ 197,109                             | \$ 385,710   |

See Notes to Financial Statements.

## FOODSHED CAPITAL

### Statement of Cash Flows Year Ended December 31, 2020

|   |                     |
|---|---------------------|
| <b>Cash Flows from Operating Activities</b>   |                     |
| Change in net assets  | \$ 200,033          |
| Adjustment to reconcile change in net assets<br>to net cash provided by operating activities: |                     |
| Provision for loan losses   | 18,000              |
| Discount on loans issued  | 14,751              |
| Loan discount amortization  | (5,605)             |
| Changes in assets and liabilities:  |                     |
| (Increase) in grants receivable   | (60,000)            |
| (Increase) in other receivable  | (10,000)            |
| (Increase) in other current asset   | (1,300)             |
| (Increase) in accrued interest receivable   | (189)               |
| Increase in accrued expenses  | 5,008               |
| Net cash provided by operating activities   | <u>\$ 160,698</u>   |
| <b>Cash Flows from Investing Activities</b>   |                     |
| Community development loans made  | \$ (145,500)        |
| Payments received on loans receivable   | <u>27,354</u>       |
| Net cash (used in) investing activities   | <u>\$ (118,146)</u> |
| <b>Cash Flows from Financing Activities,</b>  |                     |
| proceeds from long-term debt, including program - related investments                         | \$ 267,622          |
| Net cash provided by financing activities   | <u>\$ 267,622</u>   |
| Net change in cash and cash equivalents   | \$ 310,174          |
| <b>Cash and Cash Equivalents</b>  |                     |
| Beginning of year   | <u>103,603</u>      |
| End of year   | <u>\$ 413,777</u>   |

See Notes to Financial Statements.

## FOODSHED CAPITAL

### Notes to Financial Statements

December 31, 2020

#### Note 1. Nature of Business

Foodshed Capital is a not-for-profit organization formed to provide financial stewardship to farms and businesses promoting an equitable and regenerative local food economy. The Organization provides financial stewardship through its loan fund and through training and technical assistance.

##### *SOIL Loan Fund*

The Organization's loan fund is designed to make capital more available and accessible for family farmers and food entrepreneurs. The Organization works with borrowers who are disenfranchised from the traditional financial system including low-income/low-asset individuals and families, black and brown families, women and non-binary people, immigrants and indigenous communities, as well as others who have been oppressed by an extractive economy and systemic discrimination. The focus of the Organization is on farms and food businesses dedicated to using resilient, regenerative, eco-friendly practices that foster soil health and biodiversity and produce healthy, culturally appropriate food for our local communities.

The Organization has designed an innovative approach to lending that seeks to eliminate barriers for borrowers in the local foodsheds. This approach is called Nurture Capital. It strives to be equitable, patient, flexible, non-extractive and non-exploitative.

More specifically, the Organization aims to:

- Develop strong and lasting relationships with borrowers, viewing them as Partners and Co-creators of an equitable and regenerative food economy.
- Understand the individual needs of each farm business, learning as much as possible before customizing a loan for them.
- Keep interest rates as low as possible and offering 0% where possible.
- Eliminate unnecessary fees.
- Offer flexible terms that meet the needs of the borrower instead of imposing the requirements of the lender.
- Not use the borrower's credit score as part of the underwriting process.
- Reduce and streamline paperwork in the application, underwriting and closing processes.
- Not require collateral except for land-purchases or major equipment purchases.
- Not expect loans to be repaid from personal assets.
- Establish customized technical assistance programs for borrowers before and after the loan to help each business grow, achieve or increase profitability, create employment opportunities, and make positive impacts on the local environment and community.
- Remain flexible with borrowers throughout the term of the loan, adjusting repayment terms if and when they face adversity from weather, pandemics, health problems, etc.

##### *Training and Technical Assistance*

- Supporting borrowing partners with technical support is essential to building a strong local food economy.

## Notes to Financial Statements

December 31, 2020

- It starts by developing a face-to-face relationship. Once a loan application is made, a representative from the Organization visits the applicant's farm or business and begins the consultation process. The Organization talks to applicants about the best way to potentially use funds from a loan, or even if borrowing money is the right thing for them in the first place.
- The Organization makes itself available for the farm/business owner(s) to help run a cash flow analysis, clean up financial statements, review marketing strategies, improve the farm's website and/or social media presence, put together a business plan for a new market or product, or address other business or financial concerns or needs.
- If a loan is made, the Organization stays in continual contact with the borrower, assisting them in any way possible to ensure the success of their business and the repayment of the loan.
- The Organization collaborates with outside organizations, such as Kitchen Table Consultants to provide partner farms with the best business training possible.
- The Organization wants its partners to thrive. Sometimes this means working with them on the repayment schedule if they are having trouble meeting the timetable. This often involves strategic or financial planning to position the farm or business to better achieve its desired outcome.
- The Organization's consultation services are also offered to all small/mid-scale farms and food enterprises in the region, even if they are not borrowing funds. The Organization does this one-on-one and through group presentations, seminars, and workshops. For the workshops, the Organization often partners with experts who have a particular expertise. Since farmers like to learn from other farmers, the Organization strives to find experts who are either farmers themselves or understand the business of farming.
- The Organization offers its training and educational services as stand alone workshops or in collaboration with other organizations working in the field of food and agriculture.

In the spring of 2020, the Organization was certified by the U.S. Treasury as a Community Development Financial Institution (CDFI) and specifically, a loan fund. A certified CDFI is a specialized financial institution that works in market niches that are underserved by traditional financial institutions. These financial institutions are focused on community development activities that rebuild distressed and neglected communities through a variety of lending, social support, and educational activities. CDFI's provide a unique range of financial products and services in economically distressed target markets, such as mortgage financing for low-income and first-time home buyers and not-for-profit assistance, commercial loans and investment to small start-up or expanding businesses in low-income areas. CDFI's include regulated institutions such as community development banks and credit unions, and non-regulated institutions such as loan and venture capital funds. According to the Riegle Community Development and Regulatory Improvement Act of 1994, CDFI's are specialized financial institutions that:

- Have a primary mission of promoting community development;
- Serve an investment area or targeted population;
- Provide development services and equity investments or loans;
- Maintain accountability to residents of its investment area or targeted population; and
- Are not a public agency or institution.

**Notes to Financial Statements**  
December 31, 2020

**Note 2. Summary of Significant Accounting Policies**

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Revenue Recognition**

*Revenue Recognition Methodology for Exchange Transactions*

For exchange transactions, the Organization recognizes revenue in accordance with Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

For any amounts received in advance and for which performance obligations have not been satisfied, a contract liability (deferred revenue) is recorded.

*Revenue Recognition Methodology for Contributions*

Contributions are recognized as revenue when they are received or unconditionally promised.

The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Gifts of land, property and equipment are presented as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donor-restricted contributions whose restrictions are met in the same year as received are classified as contributions without donor restrictions in the accompanying financial statements.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized, or are treated as a refundable advance, until the conditions on which they depend have been met. There were no conditional promises to give as of December 31, 2020.

## **Notes to Financial Statements**

December 31, 2020

### *Revenue Streams*

The Organization's primary revenue stream is grants and contributions. Contributions and grants are recognized as received or unconditionally promised.

In accordance with industry guidance on prevailing industry practice for CDFIs, the Organization recognizes revenue from CDFI and lending program grants and contributions as revenue and support when the funds are received. As a result, the expenditures related to this revenue could occur in fiscal years subsequent to recognized of the related revenue.

In 2020, the Organization received a \$125,000 technical assistance grant from the CDFI Fund. This grant is offered to CDFIs in order to build their organizational capacity. This grant, included in contributions and grants on the Statement of Activities, represents a 40% concentration of revenue for the Organization for calendar year 2020.

### **Net Asset Groups**

The Organization reports its information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources that are not subject to donor-imposed stipulations.

Net assets with donor restrictions represent resources restricted by donors that will either be met by actions of the Organization, the passage of time or maintained in perpetuity.

### **Cash and Cash Equivalents**

For purposes of reporting cash flows, the Organization considers all highly-liquid instruments purchased with a maturity three months or less to be cash equivalents. The Organization places cash with high credit quality financial institutions. The Organization's cash amounts are maintained in two financial institutions, which at times, may exceed federally insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

### **Grants Receivable**

Grants receivable is stated at full value. No discount is applicable as all receivables are considered current. Management estimates no allowance for doubtful accounts is required.

### **Other Receivable**

In March of 2020, Foodshed Capital offered a recoverable grant of \$10,000 to 4P Foods (grantee). As part of the terms of the agreement, the grantee must pay the grant forward to farms and/or food businesses that Foodshed Capital and 4P Foods mutually agree are in need of a 0% loan. Once the loans are issued, Foodshed Capital is to assume management of the loans in accordance with its SOIL loan program. For financial reporting purposes, the \$10,000 paid to 4P Foods is being treated as another receivable until loans are issued by 4P Foods and Foodshed Capital assumes management of the loans. Once Foodshed Capital assumes management of the loans, the amount paid to 4P Foods will convert to loans receivable.

## **Notes to Financial Statements**

December 31, 2020

### **Loans Receivable**

Loans are stated at the principal amount outstanding, net of the discount and allowance for loan losses. Interest income on loans is accrued at the loan's stated interest rate on the principal balance outstanding. The loans are unsecured and are payable to the Organization over payment terms as determined between each loan recipient and the Organization. These loans carry a term of three to five years with stated interest rates ranging from 0% to 1.5%.

GAAP generally requires that loans with below market interest rates to be restated for financial reporting purposes to amounts that reflect the expected cash flows, discounted at market rates. The Organization makes loans with stated rates of interest that vary from the prevailing market rates for commercial loans. As a result, the Organization has recorded a discount using a rate of 6.25%.

The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged off against the allowance when management determines that the loan is uncollectible. The allowance is based on prior years' experience and management's analysis of specific loans. Subsequent recoveries of amounts previously charged-off are credited to the allowance.

### **Contributed Services**

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, performed by people with those skills, and would otherwise be purchased.

### **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 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. Accordingly, actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses.

### **Income Tax Status**

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. 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.

**Notes to Financial Statements**  
December 31, 2020

**Allocation Methodology for the Schedule of Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of functional expenses. Certain costs have been allocated among program services, management and general and fundraising. Such allocations have been made by management on an equitable basis. Allocations are as follows:

| <u>Expenses</u>           | <u>Method of Allocation</u> |
|---------------------------|-----------------------------|
| Wages and taxes           | Time and Effort             |
| Administrative and other  | Direct Allocation           |
| Grants and contributions  | Direct Allocation           |
| Consulting fees           | Direct Allocation           |
| Professional fees         | Direct Allocation           |
| Marketing                 | Direct Allocation           |
| Training                  | Direct Allocation           |
| Interest                  | Direct Allocation           |
| Rent                      | Direct Allocation           |
| Discount on loans issued  | Direct Allocation           |
| Provision for loan losses | Direct Allocation           |

**New Accounting Pronouncements**

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The Organization adopted the provisions of this new standard in the current year. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, disclosures were added regarding liquidity and availability of resources (Note 3) as well as the allocation methodology for the schedule of functional expenses (Note 2). Adoption of this standard had no effect on the change in net assets or in total.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for recognizing revenue from contracts with customers. The core principle of ASU 2014-09 is that revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects consideration for which entitlement is expected in exchange for those goods or services. Generally, the ASU states that revenue should be recognized by following a five-step process which include identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligation in the contract, and recognizing revenue as the entity satisfies a performance obligation. ASU 2014-09 is effective for the Organization for its year ended December 31, 2020. Analysis of various provisions of the standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes were required on a retrospective basis.

**Notes to Financial Statements**  
December 31, 2020

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 in the accompanying financial statements. There is no effect on net assets in connection with the Organization's implementation of ASU 2018-08.

**Upcoming Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization for its year ended December 31, 2022. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

**Note 3. Liquidity and Availability of Resources**

The Organization has the following financial assets within one year of the statement of financial position date to meet cash needs for general expenditure.

|  |                   |
|--|-------------------|
| Financial assets, at year-end:   |                   |
| Cash and cash equivalents  | \$ 413,777        |
| Grants receivable  | 60,000            |
| Other receivable   | 10,000            |
| Accrued interest receivable  | 189               |
| Loans receivable, net of discount and allowance for loan losses                                      | <u>98,542</u>     |
|  | <u>\$ 582,508</u> |
| Less those unavailable for general expenditure<br>within one year, due to donor-imposed restrictions | <u>\$ 197,109</u> |
| Financial assets available to meet cash needs<br>for general expenditure within one year             | <u>\$ 385,399</u> |

In the case of unexpected cash needs, the Organization could draw on its two lines of credit referred to in Note 6.

**Notes to Financial Statements**  
December 31, 2020

**Note 4. Loans Receivable, net**

At December 31, 2020, the Organization had 32 loans outstanding with a gross value of \$214,469. Gross loans receivable is offset by a discount of \$23,049 and allowance for loan losses of \$18,000 as of December 31, 2020. Aggregate maturities for the loans receivable are as follows for the next five years: 2021, \$113,865; 2022, \$41,358; 2023, \$32,056; 2024, \$18,065; 2025, \$8,625; thereafter, \$500. In light of COVID-19, the Organization has allowed for modifications on certain loans. These modifications are reflected in the maturity schedule above.

**Note 5. Net Assets With Donor Restrictions**

Net assets with donor restrictions at December 31, 2020, were available for the following purposes:

|  |                   |
|--|-------------------|
| SOIL loans in specific geographic area         | \$ 38,750         |
| Grants receivable (time restriction)           | 15,000            |
| Training programs in Augusta/Highlands         | 3,359             |
| Operating costs pertaining to PA Farm Vitality |                   |
| Planning Grant Program                         | 15,000            |
| Organizational capacity development            | <u>125,000</u>    |
| Total  | <u>\$ 197,109</u> |

**Note 6. Long-Term Debt, including Program Related Investments**

Long-term debt, including program – related investments, consisted of the following notes as of December 31, 2020:

|  |          |
|--|----------|
| Paycheck Protection Program note payable, uncollateralized, to Atlantic Union Bank, administered by the U.S. Small Business Administration, and fully guaranteed by the U.S. Government. Interest is at 1%. Proceeds are to be used for certain business expenses, including payroll, employee benefits, rent, utilities and interest on debt obligations. The note payable may be full or partially forgiven if certain conditions are met. Note is due April 2022. | \$ 7,622 |
| Program - related investment: note payable to Wendy Brown in the amount of \$25,000. Note is due in full in December 2027. Interest is 2%.   | 25,000   |
| Program - related investment: note payable to LL Charitable Foundation in the amount of \$150,000. Note is due in full July 2023. Interest is 1%.  | 150,000  |

**Notes to Financial Statements**  
December 31, 2020

|  |                   |
|--|-------------------|
| Program - related investment: note payable to Susan Miller and Kenneth Kendler in the amount of \$25,000. Note is due in full November 2027. Interest is 2%. | 25,000            |
| Program - related investment: note payable to Harrison Roday in the amount of \$25,000. Note is due in full October 2027. Interest is 2%.                    | 25,000            |
| Program - related investment: note payable to Christie and Evan Silverstein in the amount of \$10,000. Note is due in full October 2027. Interest is 2%.     | 10,000            |
| Program - related investment: note payable to Jay Wells in the amount of \$25,000. Note is due in full October 2027. Interest is 2%.                         | 25,000            |
| Total  | <u>\$ 267,622</u> |

Aggregate maturities in the next five years are as follows: \$7,622 due in 2022, \$150,000 due in 2023, and \$110,000 due in 2027.

The Organization has available credit through Virginia Community Capital Bank. Amount of credit available through December 31, 2020 was \$170,000. Interest rate at December 31, 2020 was 3.75%. There were no borrowings during 2020.

The Organization has available credit through Blue Ridge Bank. Amount of credit available through December 31, 2020 was \$100,000. Interest rate at December 31, 2020 was 3.25%. There were no borrowings during 2020.

**Note 7. Net Assets Released from Restriction**

Net assets during the year ended December 31, 2020 were released from donor restrictions by incurring expenses satisfying the restrictions or by the occurrence of other events specified by donors:

|   |                   |
|---|-------------------|
| SOIL loans in specific geographic area                                | \$ 86,500         |
| Operating costs   | 10,000            |
| Operating costs pertaining to PA Farm Vitality Planning Grant Program | <u>5,000</u>      |
| Total   | <u>\$ 101,500</u> |

**Notes to Financial Statements**  
December 31, 2020

**Note 8. Schedule of Functional Expenses**

The schedule of functional expenses was as follows for the year ended December 31, 2020:

|                           | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>      |
|---------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Wages and taxes           | \$ 35,232                   | \$ 11,842                         | \$ 1,184           | \$ 48,258         |
| Administrative and other  | --                          | 12,443                            | --                 | 12,443            |
| Grants and contributions  | 690                         | --                                | --                 | 690               |
| Consulting fees           | 7,538                       | --                                | --                 | 7,538             |
| Professional fees         | 6,272                       | 2,053                             | --                 | 8,325             |
| Marketing                 | --                          | 28                                | --                 | 28                |
| Training                  | 2,700                       | --                                | --                 | 2,700             |
| Interest                  | 980                         | --                                | --                 | 980               |
| Rent                      | 1,300                       | --                                | --                 | 1,300             |
| Discount on loans issued  | 14,751                      | --                                | --                 | 14,751            |
| Provision for loan losses | 18,000                      | --                                | --                 | 18,000            |
|                           | <u>\$ 87,463</u>            | <u>\$ 26,366</u>                  | <u>\$ 1,184</u>    | <u>\$ 115,013</u> |

**Note 9. Operating Lease**

On December 1, 2020, the Organization has entered into a 12-month operating lease for office expense. Rental expense for the lease for the year ended December 31, 2020 was \$1,300. Future minimum rental payments are \$14,300 for the year ended December 31, 2021.

**Note 10. Subsequent Events**

The Organization has evaluated all subsequent events through January 28, 2021, which was the date the financial statements were available to be issued.

The Organization applied for forgiveness in relation to its loan through the Paycheck Protection Program (as identified in Note 6). As of the date of this report, the Organization has not received communication in relation to its submitted forgiveness application.

The Organization has determined there are no subsequent events that require recognition or disclosure.

**Note 11. Prior Period Adjustment**

The Organization recorded a prior period adjustment in the amount of \$13,903 to adjust the loans receivable discount to actual as of December 31, 2019. The adjustment resulted in a decrease in net assets without donor restrictions of \$13,903.