

**HARVEST HOME FARMER'S MARKET, INC.**

**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

**ANGELITO A. BALLO, CPA**

HARVEST HOME FARMER'S MARKET, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountant's Review Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-11
Schedule of Functional Expenses	Schedule A 12
Schedule of Expenses of Government Awards	Schedule B 13

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### **Independent Accountant's Review Report**

To the Board of Directors  
Harvest Home Farmer's Market, Inc.

I have reviewed the accompanying financial statements of Harvest Home Farmer's Market, Inc. which comprise the statement of financial position as of December 31, 2019 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

The financial statements of Harvest Home Farmer's Market, Inc. as of December 31 2018, and for the year then ended were audited by me and I expressed an unmodified opinion on them in my report dated August 28, 2019, but I have not performed any auditing procedures since that date.

#### **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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

#### **Accountant's Responsibility**


My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my report.

#### **Accountant's Report**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

The schedules of functional expenses and expenses of government awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion on such information.

 CPA  
Angelito A. Ballo, CPA

New York, NY  
March 12, 2020

HARVEST HOME FARMER'S MARKET, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents (Note 3)	\$ 53,075	\$ 2,153
Accounts receivable	7,320	18,580
Grants and contributions receivable (Note 4)	65,918	198,748
Prepayments	-	4,340
Total current assets	126,313	223,821
<b>Non-current assets</b>		
Equipment (net of accumulated dep.) (Note 5)	2,381	4,829
Total non-current assets	2,381	4,829
<b>Other assets</b>		
Security deposit	6,690	490
Total other assets	6,690	490
<b>Total Assets</b>	\$ 135,384	\$ 229,140
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 13,651	\$ 47,518
Line of credit (Note 6)	50,000	50,000
Accrued farmer's token redemption (Note 7)	34,390	24,166
Loan payable (Note 8)	-	60,000
Advance payable (Note 9)	37,500	-
Deferred revenue (Note 10)	-	3,600
Total current liabilities	135,541	185,284
<b>Net Assets</b>		
Without donor restrictions	(157)	(11,144)
With donor restrictions (Note 11)	-	55,000
Total net assets	(157)	43,856
<b>Total Liabilities and Net Assets</b>	\$ 135,384	\$ 229,140

See Notes to financial Statements.

HARVEST HOME FARMER'S MARKET, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	Without Donor Restrictions	With Donor Restrictions	2019	2018
Revenues and other support:				
Government grants & contracts	\$ 432,077	\$	\$ 432,077	\$ 589,309
Non-government grants and contract	7,850		7,850	59,000
General Contributions	11,056		11,056	34,517
Market rents	92,095		92,095	120,244
Fund raising	13,907		13,907	-
In-kind (Note 12)	20,878		20,878	36,593
Miscellaneous	6,680		6,680	6,140
Total revenues and other support	<u>584,543</u>	<u>-</u>	<u>584,543</u>	<u>845,803</u>
Net assets released from restrictions:				
Program restrictions satisfied	<u>55,000</u>	<u>(55,000)</u>	<u>-</u>	<u>-</u>
	<u>55,000</u>	<u>(55,000)</u>	<u>-</u>	<u>-</u>
Total revenues and support	639,543	(55,000)	584,543	845,803
Expenses:				
Program services:				
Farmer's market	138,274		138,274	32,379
Healthy living/eating	312,145		312,145	633,941
Total program expenses	<u>450,419</u>	<u>-</u>	<u>450,419</u>	<u>666,320</u>
Supporting activities				
Management and general	134,902		134,902	175,690
Fund raising	43,235		43,235	-
Total expenses	628,556	-	628,556	842,010
Increase (decrease) in net assets	10,987	(55,000)	(44,013)	3,793
Net assets, beginning	<u>(11,144)</u>	<u>55,000</u>	<u>43,856</u>	<u>40,063</u>
Net assets, ending	<u>\$ (157)</u>	<u>\$ -</u>	<u>\$ (157)</u>	<u>\$ 43,856</u>

See Notes to financial Statements.

HARVEST HOME FARMER'S MARKET, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
Cash flows from operation		
Net increase (decrease) in net assets	\$ (44,013)	\$ 3,793
Adjustments to reconcile net increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	2,568	3,528
Changes in operating assets and liabilities:		
(Increase) Decrease in operating assets:		
Accounts receivable	11,260	(11,770)
Grants and contributions receivable	132,830	(89,253)
Prepaid expenses	4,340	(4,340)
Security deposits	(6,200)	1,500
Increase (Decrease) in operating liabilities:		
Accounts payable and accrued expenses	(33,867)	8,692
Accrued farmer's token redemption	10,224	(5,135)
Advance payable	37,500	-
Deferred income	(3,600)	(9,031)
Net cash provided (used) by operating activities	111,042	(102,016)
Cash flows from investing activities		
Equipment purchase/adjustment	(120)	-
Cash flows from financing activities		
Line of credit - (payment) borrowed - net	-	19,139
Loan proceeds - net	(60,000)	60,000
Net cash provided from financing activities	(60,000)	79,139
Net increase (decrease) in cash	50,922	(22,877)
Cash and cash equivalents, beginning	2,153	25,030
Cash and cash equivalents, ending	\$ 53,075	\$ 2,153
Supplemental Disclosure		
Interest paid	\$ 600	\$ 2,385

See Notes to financial Statements.

HARVEST HOME FARMER'S MARKET, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

Note 1. Organization and Nature of Business

Harvest Home Farmer's Market, Inc. founded in 1993 is a non-profit organization incorporated pursuant to the Not for Profit Corporation Law of the State of New York. Harvest Home Farmer's Market, Inc. ("HHFM") is one of New York State's largest operators of farmers markets in high need, low income communities whose main goal is to increase access to local farm fresh produce, educate the public about health and nutrition and support regional agriculture.

The Corporation is a not for profit organization operating under the Internal Revenue Code Section 501 (c) (3) and is, therefore, not subject to Federal, State or City income taxes.

Note 2. Summary of Significant Accounting Policies

A. Summarized Comparative Totals

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

B. Basis of Presentation

Harvest Home Farmer's Market, Inc.'s financial statements are presented consistent with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), Not-for-Profit Organizations - ASC 958. Under FASB ASC 958, the corporation is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

C. Basis of Accounting

The organization uses the accrual method of accounting to account for its revenues and expenses and accordingly reflect all significant receivables and payables.

Cash Equivalents

HHFM considers as cash equivalents money market funds and all highly liquid resources such as investment in certificate of deposits with original maturity of three months or less. As of December 31, 2019 and 2018, HHFM did not have any resources that were considered cash equivalents.



HARVEST HOME FARMER'S MARKET, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

Note 2. Summary of Significant Accounting Policies (Continued)

Receivables

All receivables are expected to be collected within one year and as such have been stated at their net realizable value with no allowance for uncollectible receivable. If any receivables become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Capitalized assets are depreciated using the straight-line method over the useful lives of the assets.

Revenues

Revenues received from market rental fees are based on signed contracts and are renewed annually.

Contributions received are recorded as with donor restrictions and without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction is released or expires in the reporting period in which the support is recognized. Unconditional promises to give are recognized as revenues in the period in which the promise amount is received. Conditional promises to give are recognized as revenues upon meeting such conditions.

HHFM received various grants from government agencies. In accordance with the grant provisions, HHFM either receives grant funds following the disbursement of approved expenses or is authorized to receive funds in advance of anticipated expenditures. All unreimbursed expenses as of the year end are recorded as grant receivables and all advanced funds not expended are recorded as deferred income.

D. Functional Allocation of Expenses

The costs of providing various programs have been summarized on a functional basis in the schedule of functional expenses. Certain costs have been allocated among the programs and supporting services benefited. Personnel services are allocated based on time spent on each program. Other than personnel services are allocated based on the ratio of each program's expenses to the total of such expenses. The organization classifies expenses which are not directly related to a specific program as management and general.

HARVEST HOME FARMER'S MARKET, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

Note 2. Summary of Significant Accounting Policies (Continued)

E. Accounting for Uncertainty in Income Tax

The Harvest Home Farmer's Market, Inc. adopted the recognition requirement for uncertain income tax positions as required by accounting principles generally accepted in the United States of America. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not to be sustained upon examination by taxing authorities. There was no impact on The Harvest Home Farmer's Market, Inc. financial statements as a result of the implementation of Financial Accounting Standard Board's ASC 740-10 (formerly known as FASB Interpretation No. 48, Accounting for Uncertainty in Income taxes). Accordingly Harvest Home Farmer's Market, Inc. has not recorded any reserves or related accruals for interest and penalties for uncertain tax position. Tax periods ending December 31, 2016 and subsequent remain subject to examination by applicable taxing authorities.

F. Subsequent Events Evaluation by Management

Management evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected in the financial statements. Such evaluation is performed through the date the financial statements were available to be issued, which was March 12, 2020 for these financial statements.

G. Contingent Liabilities

Grants and contracts are subject to audit by the funding agency. Any unresolved disallowed/questioned cost noted during an audit can result to a refund/payback to the funding agency. No provision has been made for any liabilities that may arise from such audits since amount, if any, cannot be determined at this date.

H. Concentration of Credit and Market Risk

Financial instruments that potentially expose HHFM to concentrations of credit and market risk consist primarily of cash. Cash and cash equivalents are maintained at high quality financial institutions which were fully covered by the Federal Depository Insurance Corporation ("FDIC"). FDIC provides deposit insurance up to \$250,000.

Approximately 74% for 2019 and 69% for 2018 of revenue was from government funded programs. Most of these government funded programs are renewed in 2020.

HARVEST HOME FARMER'S MARKET, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

Note 2. Summary of Significant Accounting Policies (Continued)

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Cash and Cash Equivalents

At December 31, cash and cash equivalents consisted of:

	<u>2019</u>	<u>2018</u>
TD Bank		
Checking – operating and payroll	\$ 28,460	\$(13,191)
Checking	4,972	4,994
Capital One		
Checking – EBT account	19,589	10,030
Petty cash	<u>54</u>	<u>320</u>
 Total	 \$ <u>53,075</u>	 \$ <u>2,153</u>

All cash balances are available for operating expenses.

Note 4. Grants and Contributions Receivable

As of December 31, grants and contributions receivable consisted of:

<u>Receivable from:</u>	<u>Balance at</u> <u>12/31/2019</u>	<u>Subsequent</u> <u>Receipts</u>	<u>Balance at</u> <u>12/31/2018</u>	<u>Subsequent</u> <u>Receipts</u>
NYC DYCD #68186R	\$ 34,881	\$ 34,881	\$ -	\$ -
NYC DYCD #68186Q	-		90,874	90,874
HPNAP - FY 18	-		55,038	55,038
HPNAP - FY 19	-		2,836	2,836
HPNAP - FY 20	31,037	22,802	-	-
Laurie M. Tisch Illumination Fund	-		50,000	50,000
Total	\$ <u>65,918</u>	\$ <u>57,683</u>	\$ <u>198,748</u>	\$ <u>198,748</u>

HARVEST HOME FARMER'S MARKET, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019  
 (WITH COMPARATIVE TOTALS FOR 2018)

Note 5. Equipment

Equipment consisted of the following:

<u>Furniture and Equipment</u>	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 20,457	\$ 20,337
Furniture	1,563	1,563
Less: Accumulated depreciation	<u>(19,639)</u>	<u>(17,071)</u>
Total	\$ <u>2,381</u>	\$ <u>4,829</u>

Depreciation expense amounted to \$2,568 in 2019 and \$3,528 in 2018.

Note 6. Line of Credit

HHFM has a \$50,000 unsecured line of credit with TD Bank. Advances on the credit line are payable on demand and carry a variable interest rate of 7.79% in 2019. Outstanding balance amounted to \$50,000 as of December 31, 2019 and 2018.

Note 7. Accrued Farmer's Token Redemption

Consumers purchase tokens through Electronic Benefit Transactions ("EBT") and debit or credit card. Farmers collect tokens from consumers in exchange for merchandise. HHFM records a liability for tokens that have yet to be redeemed by the farmers. HHFM maintains a separate bank account to account for these transactions. Outstanding balance amounted to \$34,390 and \$24,166 in 2019 and 2018, respectively.

Note 8. Loan Payable

HHFM received interest free loan from the Fund for the City of New York as an advance of funds against NYC DYCD contract. The outstanding amount of \$60,000 in 2018 was subsequently paid.

Note 9. Advance Payable

The 2019 advance payable of \$37,500 was from a DYCD contract. This amount was subsequently applied as expense reduction of program expense reimbursement.

Note 10. Deferred Revenue

The 2018 deferred revenue of \$3,600 was from NYS DOH/HPNAP. This amount was subsequently applied to program expense.

HARVEST HOME FARMER'S MARKET, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following:

Funder	Activity	Balance 2018	New/Additional Contribution	Amount Released	Balance 2019
Laurie M. Tisch Illumination Fund	General Support	\$ 50,000	\$ -	\$ (50,000)	\$ -
The Laura B. Vogler Foundation, Inc.	General Support	5,000	-	(5,000)	-
Ending balance		\$ 55,000	\$ -	\$ (55,000)	\$ -

Note 12. In-kind Contribution

HHFM received donated goods and services as follows:

	<u>2019</u>	<u>2018</u>
Printing	\$ 900	\$ -
Volunteer support services	<u>19,978</u>	<u>36,593</u>
Total	\$ <u>20,878</u>	\$ <u>36,593</u>

Donated goods are valued at their estimated fair market value at the date of donation and services are valued at estimated comparable rate for similar service.

Note 13. Office Space Commitment

HHFM acquired a six months term of membership agreement from WeWork to occupy office space located at 8 W 126<sup>TH</sup> Street, New York, NY 10027, starting February 1, 2019. After the initial term, use of the space is on a month to month basis. Membership fees for 2019 amounted to \$39,965.

Rent expense amounted to \$2,906 and \$34,452 for 2019 and 2018, respectively.

Note 14. Retirement Plan

The Harvest Home Farmer's Market, Inc. opened a retirement plan in 2016. Under the plan, eligible employees may elect to make deposits, subject to the maximum amount allowed for federal tax purposes. In addition, the plan calls for the HHFM to make matching contributions based on the participant's contribution and salary. HHFM did not make employer contribution to the plan for the years ended 2019 and 2018.

HARVEST HOME FARMER'S MARKET, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	Program Services			Supporting Services		Total 2019	2018
	Farmer's Market	Healthy Living/ Eating	Total	Management and General	Fund Raising		
Expenses:							
Salaries	\$ 87,883	\$ 134,593	\$ 222,476	\$ 20,155	\$ 8,814	\$ 251,445	\$ 347,760
Fringe benefits	11,826	17,748	29,574	1,716	1,162	32,452	39,123
Contracted services	14,039	15,823	29,862	32,528	19,971	82,361	35,400
Marketing and advertising			-			-	7,478
Dues and permits	2,220		2,220	50		2,270	6,207
Program expenses			-			-	10,496
HPNAP farmer vendor reimbursement		43,560	43,560			43,560	42,599
Health bucks reimbursement		50,000	50,000			50,000	64,897
Fund raising venue			-		8,200	8,200	-
Equipment rental			-		2,407	2,407	-
Insurance			-	1,127		1,127	1,943
Occupancy	11,180	8,269	19,449	31,323		50,772	37,520
Office expense and supplies	1,722	17,502	19,224	2,570	1,156	22,950	22,680
Postage	110		110	115		225	2,802
Printing		3,927	3,927	1,402	600	5,929	16,323
Repairs & maintenance			-	363		363	1,535
Professional fees			-			-	114,385
Telephone	819		819	3,328		4,147	3,495
Conference & meetings			-	10,425		10,425	1,443
Travel expenses	6,297	14,162	20,459	2,352	525	23,336	28,046
Website and internet			-	3,124	397	3,521	4,778
Finance charge			-	600		600	2,385
Bank and merchant service charges	2,178		2,178	6,839	3	9,020	4,948
Payroll service fees			-			-	4,836
Depreciation			-	2,568		2,568	3,528
Miscellaneous			-			-	125
In-kind (Note 12)			-	20,878		20,878	36,593
Indirect costs		6,561	6,561	(6,561)		-	-
Bad debt			-			-	685
Total	\$ 138,274	\$ 312,145	\$ 450,419	\$ 134,902	\$ 43,235	\$ 628,556	\$ 842,010

See Notes to financial Statements.

HARVEST HOME FARMER'S MARKET, INC.  
SCHEDULE OF EXPENSES OF GOVERNMENT AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Funding Agency</u>	<u>Name of Project/Program</u>	<u>CFDA No./ Contract no.</u>	<u>Budget period</u>	<u>Budget Amount</u>	<u>Amount Expended from 1/1/19 to 12/31/19</u>
<u>Federal Grants</u>					
National Institute of Food and Agriculture/ United States Department of Agriculture	Food Insecurity Nutrition Incentive	10.331 2016-70025-25240	6/1/16 - 5/31/20	\$ 499,992	\$ 71,000
Total				499,992	71,000
<u>NYS Grants</u>					
NYS Department of Health	Hunger Prevention & Nutrition Asst Program	C32844GG-3450000	11/1/17 - 10/31/18	175,000	2,219
NYS Department of Health	Hunger Prevention & Nutrition Asst Program	C32844GG-3450000	11/1/18 - 6/30/20	291,667	194,851
Total				466,667	197,070
<u>New York City Grants/Pass Through</u>					
NYC Dept. of Youth and Community Dev.	Food and Nutrition Education	68186Q	7/1/18 - 6/30/19	100,000	9,126
NYC Dept. of Youth and Community Dev.	Food and Nutrition Education	68186R	7/1/19 - 6/30/20	150,000	109,881
DYCD/CCNSF through New York Urban League	Communities of Color Stabilization Fund	620690	3/1/19 - 6/30/19	45,000	45,000
Total				295,000	164,007
Total				\$ 1,261,659	\$ 432,077

See Notes to financial Statements.