

**BACKYARD GROWERS, INC.**  
Financial Statements  
For the Years Ended December 31, 2018 and 2017

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Backyard Growers, Inc.  
Gloucester, MA

We have reviewed the accompanying financial statements of Backyard Growers, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities and change in net assets, functional expenses and cash flows for the years 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 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, we do not express such an opinion.

***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 the financial statements that are free from material misstatement whether due to fraud or error.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagements in accordance with Statements on Standards of Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

*Accountant's Conclusion*

Based on our reviews, we are 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.

A handwritten signature in cursive script that reads "Horvitz & Frisch, P.C.".

HORVITZ & FRISCH, P.C.  
Gloucester, Massachusetts

August 26, 2019

**BACKYARD GROWERS, INC.**  
 Statements of Financial Position  
 For the Years Ended December 31, 2018 and 2017

|   | <u>2018</u>       | <u>2017</u>       |
|---|-------------------|-------------------|
| <u>ASSETS</u>   |                   |                   |
| Current Assets:   |                   |                   |
| Cash and Cash Equivalents                               | \$ 174,146        | \$ 145,962        |
| Accounts Receivable                                     | -                 | 2,710             |
| Promises to Give, Current Portion                       | <u>39,500</u>     | <u>25,000</u>     |
| Total Current Assets                                    | <u>213,646</u>    | <u>173,672</u>    |
| Property and Equipment, Net of Accumulated Depreciation | <u>5,009</u>      | <u>12,378</u>     |
| Other Assets:   |                   |                   |
| Promises to Give, Net of Current Portion                | <u>23,166</u>     | <u>46,361</u>     |
| Total Other Assets                                      | <u>23,166</u>     | <u>46,361</u>     |
| Total Assets  | <u>\$ 241,821</u> | <u>\$ 232,411</u> |
| <u>LIABILITIES AND NET ASSETS</u>                       |                   |                   |
| Current Liabilities:                                    |                   |                   |
| Accounts Payable and Accrued Expenses                   | \$ <u>12,532</u>  | \$ <u>11,749</u>  |
| Total Current Liabilities                               | <u>12,532</u>     | <u>11,749</u>     |
| Total Liabilities                                       | <u>12,532</u>     | <u>11,749</u>     |
| Net Assets:   |                   |                   |
| Without donor restrictions                              | 125,614           | 111,186           |
| With donor restrictions                                 | <u>103,675</u>    | <u>109,476</u>    |
| Total Net Assets  | <u>229,289</u>    | <u>220,662</u>    |
| Total Liabilities and Net Assets                        | <u>\$ 241,821</u> | <u>\$ 232,411</u> |

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements.

**BACKYARD GROWERS, INC.**  
Statement of Activities and Change in Net Assets  
For the Year Ended December 31, 2018

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|--|---------------------------------------|------------------------------------|-------------------|
| Support and Revenue:                   |                                       |                                    |                   |
| Contributions and Grants               | \$ 141,693                            | \$ 88,750                          | \$ 230,443        |
| Program Service Fees                   | 35,468                                | -                                  | 35,468            |
| Special Events                         | 44,202                                | -                                  | 44,202            |
| Interest Income                        | 62                                    | -                                  | 62                |
| Net Assets Released from Restrictions: |                                       |                                    |                   |
| Satisfaction of Performance            | 94,551                                | (94,551)                           | -                 |
| Total Support and Revenue              | <u>315,976</u>                        | <u>(5,801)</u>                     | <u>310,175</u>    |
| Expenses:                              |                                       |                                    |                   |
| Program                                | 220,795                               | -                                  | 220,795           |
| Management and General                 | 30,231                                | -                                  | 30,231            |
| Fundraising                            | 50,522                                | -                                  | 50,522            |
| Total Expenses                         | <u>301,548</u>                        | <u>-</u>                           | <u>301,548</u>    |
| Change in Net Assets                   | 14,428                                | (5,801)                            | 8,627             |
| Net Assets at Beginning of Year        | <u>111,186</u>                        | <u>109,476</u>                     | <u>220,662</u>    |
| Net Assets at End of Year              | <u>\$ 125,614</u>                     | <u>\$ 103,675</u>                  | <u>\$ 229,289</u> |

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements.

**BACKYARD GROWERS, INC.**  
Statement of Activities and Change in Net Assets  
For the Year Ended December 31, 2017

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|--|---------------------------------------|------------------------------------|-------------------|
| Support and Revenue:                   |                                       |                                    |                   |
| Contributions and Grants               | \$ 121,321                            | \$ 176,476                         | \$ 297,797        |
| Program Service Fees                   | 34,665                                | -                                  | 34,665            |
| Special Events                         | 26,399                                | -                                  | 26,399            |
| Interest Income                        | 68                                    | -                                  | 68                |
| Net Assets Released from Restrictions: |                                       |                                    |                   |
| Satisfaction of Performance            | 77,965                                | (77,965)                           | -                 |
| Total Support and Revenue              | <u>260,418</u>                        | <u>98,511</u>                      | <u>358,929</u>    |
| Expenses:                              |                                       |                                    |                   |
| Program                                | 203,504                               | -                                  | 203,504           |
| Management and General                 | 34,921                                | -                                  | 34,921            |
| Fundraising                            | 27,637                                | -                                  | 27,637            |
| Total Expenses                         | <u>266,062</u>                        | <u>-</u>                           | <u>266,062</u>    |
| Change in Net Assets                   | (5,644)                               | 98,511                             | 92,867            |
| Net Assets, Beginning of Year          | <u>49,830</u>                         | <u>77,965</u>                      | <u>127,795</u>    |
| Net Assets, End of Year                | 44,186                                | 176,476                            | 220,662           |
| Restatement (See Note 6)               | <u>67,000</u>                         | <u>(67,000)</u>                    | <u>-</u>          |
| Net Assets, as restated, End of Year   | <u>\$ 111,186</u>                     | <u>\$ 109,476</u>                  | <u>\$ 220,662</u> |

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements.

**BACKYARD GROWERS, INC.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2018

|                                     | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>      |
|-------------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Salaries and Wages                  | \$ 134,274                  | \$ 6,394                          | \$ 36,530          | \$ 177,198        |
| Payroll Taxes                       | 13,106                      | 624                               | 3,565              | 17,295            |
| Total Salaries and Payroll Taxes    | <u>147,380</u>              | <u>7,018</u>                      | <u>40,095</u>      | <u>194,493</u>    |
| Occupancy                           | 20,948                      | 6,984                             | -                  | 27,932            |
| Program Materials and Supplies      | 17,976                      | -                                 | 1,723              | 19,699            |
| Outside Services - Service Members  | 15,455                      | -                                 | -                  | 15,455            |
| Professional Fees                   | 540                         | 13,130                            | -                  | 13,670            |
| Fundraising Expenses                | -                           | -                                 | 7,373              | 7,373             |
| Depreciation                        | 6,161                       | 604                               | 604                | 7,369             |
| Miscellaneous                       | 3,020                       | 1,049                             | 672                | 4,741             |
| Travel and Professional Development | 3,838                       | 110                               | -                  | 3,948             |
| Insurance                           | 1,206                       | 1,014                             | 55                 | 2,275             |
| Vehicle Expenses                    | 2,011                       | -                                 | -                  | 2,011             |
| Outreach                            | 1,293                       | -                                 | -                  | 1,293             |
| Telephone and Internet              | 967                         | 322                               | -                  | 1,289             |
| Total Expenses                      | <u>\$ 220,795</u>           | <u>\$ 30,231</u>                  | <u>\$ 50,522</u>   | <u>\$ 301,548</u> |

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements.

**BACKYARD GROWERS, INC.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2017

|                                     | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>      |
|-------------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Salaries and Wages                  | \$ 111,778                  | \$ 6,302                          | \$ 15,995          | \$ 134,075        |
| Payroll Taxes                       | 9,202                       | 519                               | 1,319              | 11,040            |
| Total Salaries and Payroll Taxes    | <u>120,980</u>              | <u>6,821</u>                      | <u>17,314</u>      | <u>145,115</u>    |
| Occupancy                           | 21,686                      | 6,997                             | 139                | 28,822            |
| Program Materials and Supplies      | 17,661                      | -                                 | 1,551              | 19,212            |
| Outside Services - Service Members  | 26,859                      | -                                 | -                  | 26,859            |
| Professional Fees                   | -                           | 18,394                            | 4,000              | 22,394            |
| Fundraising Expenses                | -                           | -                                 | 4,171              | 4,171             |
| Depreciation                        | 3,115                       | 113                               | 113                | 3,341             |
| Miscellaneous                       | 2,774                       | 1,279                             | 318                | 4,371             |
| Travel and Professional Development | 3,996                       | 110                               | -                  | 4,106             |
| Insurance                           | 1,065                       | 858                               | 31                 | 1,954             |
| Vehicle Expenses                    | 2,706                       | -                                 | -                  | 2,706             |
| Outreach                            | 1,616                       | -                                 | -                  | 1,616             |
| Telephone and Internet              | <u>1,046</u>                | <u>349</u>                        | <u>-</u>           | <u>1,395</u>      |
| Total Expenses                      | <u>\$ 203,504</u>           | <u>\$ 34,921</u>                  | <u>\$ 27,637</u>   | <u>\$ 266,062</u> |

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements.



**BACKYARD GROWERS, INC.**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2018 and 2017

|  | 2018       | 2017       |
|--|------------|------------|
| Cash Flows from Operating Activities:  |            |            |
| Change in Net Assets   | \$ 8,627   | \$ 92,867  |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash Provided by Operating Activities: |            |            |
| Depreciation   | 7,369      | 3,341      |
| (Increase) Decrease In:  |            |            |
| Accounts Receivable  | 2,710      | (2,710)    |
| Promises to Give   | 8,695      | (68,356)   |
| Increase (Decrease) In:  |            |            |
| Accounts Payable and Accrued Expenses  | 783        | 7,600      |
| Net Cash Provided by Operating Activities  | 28,184     | 32,742     |
| Cash Flows From Investing Activities:  |            |            |
| Purchase of Property and Equipment   | -          | (10,199)   |
| Net Cash (Used) By Investing Activities  | -          | (10,199)   |
| Net Increase in Cash and Cash Equivalents  | 28,184     | 22,543     |
| Cash and Cash Equivalents, Beginning of Year   | 145,962    | 123,419    |
| Cash and Cash Equivalents, End of Year   | \$ 174,146 | \$ 145,962 |

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements.

## BACKYARD GROWERS, INC.

### Notes to Financial Statements

For the Years Ended December 31, 2018 and 2017

#### 1. Operations and Nonprofit Status

Backyard Growers, Inc. was incorporated on July 31, 2014 in Gloucester, Massachusetts as a nonprofit organization (not a private foundation). Backyard Growers, Inc.'s mission is to provide resources and support to the local community to establish vegetable gardens at homes, public housing, organizations and schools. The Organization's purpose is to reshape the community's relationship with food.

#### 2. Summary of Significant Accounting Policies

##### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the obligation is incurred.

##### Financial Statements Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Backyard Growers, Inc. and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Board designated restrictions are considered without donor restrictions under these reporting standards.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

##### Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation of these financial statements accordingly. As required by ASU 2016-14, the

**BACKYARD GROWERS, INC.**  
Notes to Financial Statements - Continued  
For the Years Ended December 31, 2018 and 2017

2. Summary of Significant Accounting Policies - Continued

Change in Accounting Principle – Continued

Organization is required to reclassify amounts that were previously reported as temporarily restricted net assets to net assets with donor restrictions and reclassify amounts that were previously reported as unrestricted net assets to net assets without donor restrictions.

The changes have the following effect on net assets as restated at December 31, 2017 (see Note 6):

| Net Asset Class                       | As<br>Restated | After Adoption<br>of ASU 2016-14 |
|---------------------------------------|----------------|----------------------------------|
| Unrestricted net assets               | \$ 111,186     | \$ -                             |
| Temporarily restricted net assets     | 109,476        | -                                |
| Net assets without donor restrictions | -              | 111,186                          |
| Net assets with donor restrictions    | -              | 109,476                          |
|                                       | <hr/>          | <hr/>                            |
| Total net assets                      | \$ 220,662     | \$ 220,662                       |

Contributions and Grants

Contributions and grants received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with restrictions. When a 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 are reported in the Statement of Activities as net assets released from restrictions.

Donated Services and Materials

In accordance with ASC 958, the Organization records the value of contributed services provided by individuals requiring specialized skills or that enhance or create non-financial assets.

The value of contributed materials would be recorded based upon the fair market value of the goods received less any cost to the Organization. No amounts have been recorded for the value of contributed services received from the numerous volunteers who are involved in fund raising and operations that did not meet the requirements for recognition in the financial statements.

**BACKYARD GROWERS, INC.**  
Notes to Financial Statements - Continued  
For the Years Ended December 31, 2018 and 2017

2. Summary of Significant Accounting Policies - Continued

Promises to Give

Promises to Give are recorded in the year made. Promises to Give that are expected to be received beyond one year are included in net assets with donor restrictions and are discounted at a rate of 2.5% as of December 31, 2018 and 2017. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Amortization of discount is recorded as additional grant revenue in the years the payments are received. The Organization uses the allowance method to determine uncollectible unconditional promises receivable.

Income Taxes

The Backyard Growers Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability of federal income taxes has been included in the accompanying financial statements.

The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the Organization tax years 2015 through 2017 remain open for possible examination by the Internal Revenue Service.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Estimates

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

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to an allowance for uncollectible accounts based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible accounts and a credit to accounts receivable. During the years ended December 31, 2018 and 2017, management did not write off any accounts as uncollectible nor was an allowance deemed necessary.

**BACKYARD GROWERS, INC.**  
Notes to Financial Statements - Continued  
For the Years Ended December 31, 2018 and 2017

2. Summary of Significant Accounting Policies - Continued

Property and Equipment

The Organization capitalizes major purchases of property and equipment invoiced over \$2,500, which are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance and repairs are charged to expense as incurred.

Capitalized property and equipment are recorded at cost, if purchased or constructed; or at fair market value at the date of the gift, if donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets capitalized or over the length of the lease for leasehold improvements.

Property and equipment consisted of the following as of December 31:

|                               | 2018            | 2017             | Estimated<br>Useful Lives |
|-------------------------------|-----------------|------------------|---------------------------|
| Leasehold Improvements        | \$ 10,199       | \$ 10,199        | 1.5 Years                 |
| Motor Vehicle                 | 6,900           | 6,900            | 5 Years                   |
|                               | <u>17,099</u>   | <u>17,099</u>    |                           |
| Less Accumulated Depreciation | <u>(12,090)</u> | <u>(4,721)</u>   |                           |
|                               | <u>\$ 5,009</u> | <u>\$ 12,378</u> |                           |

Depreciation expense amounted to \$7,369 and \$3,341 for the years ended December 31, 2018 and 2017, respectively.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, payroll taxes and workers compensation insurance are allocated based on estimates of time and effort. Expenses allocated on a square footage basis include rent, utilities, repairs and maintenance, telephone and internet. Other various expenses such as depreciation, liability insurance, office expenses, etc. are allocated based on management's estimate of each expense's relevance to the supporting function.

## BACKYARD GROWERS, INC.

Notes to Financial Statements - Continued  
For the Years Ended December 31, 2018 and 2017

### 3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

|                           | <u>2018</u>       | <u>2017</u>       |
|---------------------------|-------------------|-------------------|
| Cash and Cash Equivalents | \$ 133,137        | \$ 107,847        |
| Accounts Receivable       | -                 | 2,710             |
| Promises to Give          | <u>1,500</u>      | <u>-</u>          |
| Total                     | <u>\$ 134,637</u> | <u>\$ 110,557</u> |

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in a savings account. From time to time, the Board assesses the cash requirements of its operating activities and repositions its savings position accordingly. Certain funds included in net assets with donor restrictions are funds which are donor restricted to support salaries of program staff and as such can be utilized on a monthly basis as appropriate costs are incurred.

### 4. Accounts Receivable

The Accounts Receivable aging at December 31 is as follows:

|            | <u>2018</u> | <u>2017</u>     |
|------------|-------------|-----------------|
| Current    | \$ -        | \$ 2,110        |
| 31-60 Days | -           | -               |
| 61-90 Days | -           | 600             |
| > 90 Days  | -           | -               |
|            | <u>\$ -</u> | <u>\$ 2,710</u> |

**BACKYARD GROWERS, INC.**

Notes to Financial Statements - Continued  
For the Years Ended December 31, 2018 and 2017

5. Unconditional Promises to Give

Unconditional promises to give at December 31 are as follows:

|  | 2018 |         | 2017 |         |
|--|------|---------|------|---------|
| Receivable in One Year                   | \$   | 39,500  | \$   | 25,000  |
| Receivable in Two to Five Years          |      | 25,000  |      | 50,000  |
| Receivable in more than Five Years       |      | -       |      | -       |
| Total Unconditional Promises to Give     |      | 64,500  |      | 75,000  |
| Less Discounts to Net Present Value      |      | (1,834) |      | (3,639) |
| Net Unconditional Promises to Give       | \$   | 62,666  | \$   | 71,361  |
| <br>                                     |      |         |      |         |
| Promises to Give, Current Portion        | \$   | 39,500  | \$   | 25,000  |
| Promises to Give, Net of Current Portion |      | 23,166  |      | 46,361  |
| Total                                    | \$   | 62,666  | \$   | 71,361  |

6. Restatement of Net Assets as Originally Reported

Beginning Net Assets has been adjusted due to a prior period adjustment. The Organization reviewed all of its grants not released for restrictions at December 31, 2017 and determined that several originally reported as temporarily restricted (with donor restrictions) should have been reported as unrestricted (without donor restrictions). These changes have resulted in the following adjustments to beginning Net Assets:

|  | Without<br>Donor<br>Restrictions |         | With<br>Donor<br>Restrictions |          | Total      |
|--|----------------------------------|---------|-------------------------------|----------|------------|
| Net Assets at December 31, 2017 as previously reported | \$                               | 44,186  | \$                            | 176,476  | \$ 220,662 |
| Reclassify net assets without donor restrictions       |                                  | 67,000  |                               | (67,000) | -          |
| Net Assets at December 31, 2017 as restated            | \$                               | 111,186 | \$                            | 109,476  | \$ 220,662 |

**BACKYARD GROWERS, INC.**

Notes to Financial Statements - Continued  
For the Years Ended December 31, 2018 and 2017

7. Net Assets

Net Assets are as follows at December 31:

|                                  | 2018              | 2017              |
|----------------------------------|-------------------|-------------------|
| Without donor restrictions:      |                   |                   |
| Operating                        | \$ 125,614        | \$ 111,186        |
| Total without donor restrictions | <u>125,614</u>    | <u>111,186</u>    |
| With donor restrictions:         |                   |                   |
| Salaries and Service Members     | 98,175            | 105,976           |
| Program Supplies                 | 4,000             | 3,500             |
| Passage of Time                  | 1,500             | -                 |
| Total with donor restrictions    | <u>103,675</u>    | <u>109,476</u>    |
| Total Net Assets                 | <u>\$ 229,289</u> | <u>\$ 220,662</u> |

8. Rent

The Organization entered into a three-year commercial lease agreement effective June 1, 2016 to May 31, 2019. There was an option to renew for an additional three years which the Organization did not fulfill. Monthly rent payments were \$2,100 for the first year and increased \$50 per month each June 1<sup>st</sup>. Effective April 1, 2018, the lessor verbally agreed to reduce the rent from \$2,150 per month to \$1,825 per month plus quarterly real estate taxes until the lease expired on May 31, 2019. They were a tenant at will for the month of June 2019. The Organization moved to a new location in July 2019 and entered into a one-year commercial sublease agreement effective July 1, 2019 to June 30, 2020. Rent expense for the years ended December 31, 2018 and 2017 amounted to \$24,453 and \$24,500, respectively.

Future minimum lease payments for the next five years as of December 31, 2018 are as follows:

|      |                  |
|------|------------------|
| 2019 | \$ 15,125        |
| 2020 | 6,000            |
| 2021 | -                |
| 2022 | -                |
| 2023 | -                |
|      | <u>\$ 21,125</u> |

9. Concentration of Revenue

The three largest contributors for the years ended December 31, 2018 and 2017 accounted for approximately 22% and 43% of the Organization's revenue, respectively.



**BACKYARD GROWERS, INC.**  
Notes to Financial Statements - Continued  
For the Years Ended December 31, 2018 and 2017

10. Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform with 2018 presentation. Such reclassifications have had no effect on net assets as previously reported.

11. Subsequent Events

The Organization did not have any subsequent events through August 26, 2019 which is the date the financial statements were originally issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2018.