



FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

SEEDS 4 SUCCESS, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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Independent Auditor's Report

To the Board of Directors of
Seeds 4 Success, Inc.
Annapolis, Maryland

We have audited the accompanying financial statements of Seeds 4 Success, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seeds 4 Success, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alta CPA Group, LLC

March 24, 2022

SEEDS 4 SUCCESS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>ASSETS</u>	
	2021	2020
Current Assets:		
Cash and Cash Equivalents	\$ 307,931	\$ 199,369
Prepaid Expenses	-	2,888
Total Current Assets	307,931	202,257
Property and Equipment, Net of Accumulated Depreciation of \$45,330 and \$36,753 respectively	5,875	14,452
Other Assets:		
Certificates of Deposit	110,374	106,310
Total Other Assets	110,374	106,310
Total Assets	\$ 424,180	\$ 323,019
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 4,554	\$ -
Accrued Expenses	3,696	6,632
Unapplied Grant Funds	-	38,862
Total Current Liabilities	8,250	45,494
Total Liabilities	8,250	45,494
Net Assets:		
Without Donor Restrictions	347,149	251,072
With Donor Restrictions	68,781	26,453
Total Net Assets	415,930	277,525
Total Liabilities and Net Assets	\$ 424,180	\$ 323,019

See independent auditor's report and accompanying notes to financial statements.

SEEDS 4 SUCCESS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Direct Contributions	\$ 232,266	\$ 61,180	\$ 293,446	\$ 221,647	\$ 61,668	\$ 283,315
Government Grants	261,094	-	261,094	192,263	-	192,263
Special Events, Net of Direct Donor Benefits of \$3,024 and \$2,382, Respectively	38,596	-	38,596	33,285	-	33,285
Inkind Contributions	54,000	-	54,000	54,000	-	54,000
Investment Income	4,117	-	4,117	88	-	88
Miscellaneous Income	1,320	-	1,320	340	-	340
Net Assets Released From Restrictions	<u>18,852</u>	<u>(18,852)</u>	<u>-</u>	<u>35,215</u>	<u>(35,215)</u>	<u>-</u>
 Total Revenues	 610,245	 42,328	 652,573	 536,838	 26,453	 563,291
EXPENSES						
Program Services	396,557	-	396,557	369,436	-	369,436
Management and General	117,000	-	117,000	118,538	-	118,538
Fundraising	<u>611</u>	<u>-</u>	<u>611</u>	<u>624</u>	<u>-</u>	<u>624</u>
 Total Expenses	 <u>514,168</u>	 <u>-</u>	 <u>514,168</u>	 <u>488,598</u>	 <u>-</u>	 <u>488,598</u>
 Change in Net Assets	 96,077	 42,328	 138,405	 48,240	 26,453	 74,693
 Net Assets at Beginning of Year	 <u>251,072</u>	 <u>26,453</u>	 <u>277,525</u>	 <u>202,832</u>	 <u>-</u>	 <u>202,832</u>
 Net Assets at End of Year	 <u>\$ 347,149</u>	 <u>\$ 68,781</u>	 <u>\$ 415,930</u>	 <u>\$ 251,072</u>	 <u>\$ 26,453</u>	 <u>\$ 277,525</u>

See independent auditor's report and accompanying notes to financial statements.

SEEDS 4 SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Compensation and Related Expenses:								
Salaries	\$ 144,468	\$ 66,641	\$ -	\$ 211,109	\$ 153,547	\$ 70,558	\$ -	\$ 224,105
Employee Benefits	7,031	3,231	-	10,262	7,745	3,559	-	11,304
Payroll Taxes	11,702	5,397	-	17,099	11,842	5,442	-	17,284
Total Compensation and Related Expenses	163,201	75,269	-	238,470	173,134	79,559	-	252,693
Depreciation	6,190	1,887	500	8,577	6,190	1,887	500	8,577
Insurance	15,271	-	-	15,271	10,933	-	-	10,933
Occupancy	54,266	6,030	-	60,296	58,388	6,487	-	64,875
Office Expense	8,873	18,876	111	27,860	9,927	21,117	124	31,168
Professional Fees	102,312	14,696	-	117,008	62,669	9,003	-	71,672
Scholarships	11,475	-	-	11,475	1,924	-	-	71,672
Staff Training	868	-	-	868	3,866	-	-	3,866
Supplies	31,159	-	-	31,159	36,518	-	-	38,442
Travel	2,942	242	-	3,184	5,887	485	-	6,372
Total Expenses	\$ <u>396,557</u>	\$ <u>117,000</u>	\$ <u>611</u>	\$ <u>514,168</u>	\$ <u>369,436</u>	\$ <u>118,538</u>	\$ <u>624</u>	\$ <u>560,270</u>

See independent auditor's report and accompanying notes to financial statements.

SEEDS 4 SUCCESS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 138,405	\$ 74,693
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	8,577	8,577
Changes in Operating Assets and Liabilities:		
Decrease in Prepaid Expenses	2,888	2,371
Increase (Decrease) in Accounts Payable	4,554	(2,577)
Increase (Decrease) in Accrued Expenses	(2,936)	3,171
Increase (Decrease) in Unapplied Grant Funds	<u>(38,862)</u>	<u>38,862</u>
Net Cash Flows Provided by Operating Activities	112,626	125,097
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested Interest	<u>(4,064)</u>	<u>-</u>
Net Cash Used by Investing Activities	(4,064)	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	108,562	125,097
Cash and Cash Equivalents Balance, Beginning of Year	<u>199,369</u>	<u>74,272</u>
Cash and Cash Equivalents Balance, End of Year	<u>\$ 307,931</u>	<u>\$ 199,369</u>

See independent auditor's report and accompanying notes to financial statements.

SEEDS 4 SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Seeds 4 Success, Inc. (the Organization), works with the community to provide children from low income communities with the skills and support to achieve success in school and life. Seeds 4 Success, Inc. grew out of neighbors' concerns about escalating crime in nearby public housing communities and the well-being of children living there. It is supported primarily by grants, contributions, and special events.

Basis of Accounting

The financial statements of Seeds 4 Success, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Uses 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 as of the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Certificates of Deposit

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Promises to Give

The Organization uses the allowance method of accounting for bad debts. The allowance for uncollectible promises to give is established based upon management's estimate of collectibility taking into consideration historical collection experience. Accounts are written off as management deems them uncollectible. There was no allowance for uncollectible promises to give at June 30, 2021 and 2020.

Property and Equipment

Property and equipment additions are capitalized at \$1,000 and higher, and are recorded at cost if purchased, or fair market value at the date of acquisition for donations. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated using accelerated depreciation methods over their estimated useful lives, generally 5-7 years.

SEEDS 4 SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities and changes in net assets.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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. The governing board may designate a portion of these net assets for specific purposes.

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 by 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.

Income Tax Status

The Organization is exempt from income taxes under Internal Revenue Code 501(c)(3). In addition, the Organization qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization's informational return filings are subject to audit by the Internal Revenue Service, generally for three years after filing.

Revenue Recognition

Revenue from contracts with customers primarily consists special event fees. Revenues are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. These revenues are recognized net of discounts, waivers, and refunds.

SEEDS 4 SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Organization determines revenue recognition through the five-step model prescribed by Topic 606 as follows:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract;
- Recognition of revenue when, or as, performance obligations are satisfied.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service in the contract and recognized as revenue when, or as, the performance obligation is satisfied. The primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which the Organization evaluates the market and estimates a price that a customer would be willing to pay for the goods and services the Organization provides.

The Organization's performance obligations are primarily satisfied at the point in time of events. The transaction price is determined based on gross price, net of discounts or refunds.

The Organization has elected the optional exemption to not disclose amounts where the performance obligation is part of a contract which has an original expected duration of one year or less. The Organization expects to recognize substantially all revenue on these remaining performance obligations over the next twelve months.

Contract Balances

The timing of billings, cash collections, and revenue recognition results in accounts receivable (contract assets) and program deposits on the statements of financial position. Receivables are only recognized to the extent that it is probable that the Organization will collect substantially all of the consideration to which it is entitled in exchange for the goods and services that will be transferred. The Organization receives advance payments of deposits from customers before revenue is recognized, which are recorded as contract liabilities in program deposits.

SEEDS 4 SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Costs to Obtain a Contract

The Organization has elected the practical expedient available in ASC 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Grants and Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest, is received. A conditional promise to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from government contracts and grants, which are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Functional Allocation of Expenses

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, and professional services, which are allocated on the basis of estimates of time and effort. Occupancy, office supplies, and depreciation are allocated based on an estimate of usage by functional area.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These changes have had no effect on the net income for the year ended June 30, 2020.

SEEDS 4 SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Organization evaluated subsequent events through the date that the financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to March 24, 2022 that would have a material impact on the financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization will use debt when necessary to support cash flow needs.

The following represents the Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ <u>307,931</u>	\$ <u>199,369</u>
Total Financial Assets Available Within One Year	307,931	199,369
Less Amounts Not Available to be Used Within One Year, Due to:		
Net Assets With Donor Restrictions	<u>(68,781)</u>	<u>(26,453)</u>
Total Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ <u>239,150</u>	\$ <u>172,916</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Vehicle	\$ 28,185	\$ 28,185
Equipment	14,723	14,723
Leasehold Improvements	<u>8,297</u>	<u>8,297</u>
Total	51,205	51,205
Less: Accumulated Depreciation	<u>(45,330)</u>	<u>(36,753)</u>
Property and Equipment, Net	\$ <u>5,875</u>	\$ <u>14,452</u>

SEEDS 4 SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following uses:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specific Purpose:		
Scholarship	\$ 62,881	\$ 19,076
Summer Camp	3,400	---
Volunteer Manager Salary	<u>---</u>	<u>7,377</u>
Total Purpose Restricted	66,281	26,453
Subject to Passage of Time:		
Future Operations	<u>2,500</u>	<u>---</u>
Total Time Restricted	<u>2,500</u>	<u>---</u>
Total Net Assets With Donor Restrictions	\$ <u>68,781</u>	\$ <u>26,453</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions:		
Education Programming	\$ ---	\$ 24,018
Playground	---	4,150
Scholarship	11,475	1,924
Volunteer Manager Salary	<u>7,377</u>	<u>5,123</u>
Total	\$ <u>18,852</u>	\$ <u>35,215</u>

NOTE 5 - RETIREMENT PLAN

The Organization offers a simple IRA retirement plan for its employees. Under the plan, employees are eligible to contribute up to \$11,500 annually and become fully vested immediately. The Organization matches the first 3% of the employee's contribution. All employees earning more than \$5,000 are eligible for the plan. For the years ended June 30, 2021 and 2020, employer contribution expense was \$6,646 and \$3,208, respectively.

SEEDS 4 SUCCESS, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 - INKIND CONTRIBUTIONS

The Organization received inkind donations of the following items during the years ended June 30, 2021 and 2020. The estimated fair market values of the inkind donations are as follows:

<u>2021</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Occupancy	\$ <u>48,600</u>	\$ <u>5,400</u>	\$ <u>---</u>	\$ <u>54,000</u>
Total	\$ <u>48,600</u>	\$ <u>5,400</u>	\$ <u>---</u>	\$ <u>54,000</u>
 <u>2020</u>				
Occupancy	\$ <u>48,600</u>	\$ <u>5,400</u>	\$ <u>---</u>	\$ <u>54,000</u>
Total	\$ <u>48,600</u>	\$ <u>5,400</u>	\$ <u>---</u>	\$ <u>54,000</u>

NOTE 7 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization applied and was approved for a loan in the amount of \$38,862 under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the U.S. Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for 24 weeks after funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the principal upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization incurred eligible expenses and met criteria required for the forgiveness of the total amount of \$38,862 during the year ended June 30, 2021. The Organization recognized the revenue as a government grant during the year ended June 30, 2021. In March 2021, the Organization received notice that the entire loan amount was forgiven upon execution and approved of the application.

NOTE 8 - CONCENTRATION OF CREDIT RISK

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At June 30, 2021, the Organization had approximately \$64,000 in excess of federally insured limits. To date, the Organization has not experienced losses in any of these accounts. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds.