

PHILADELPHIA ORCHARD PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2023 AND 2022

TOGETHER WITH

INDEPENDENT ACCOUNTANT'S
REVIEW REPORT

PHILADELPHIA ORCHARD PROJECT, INC.

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Joseph W. Bowley & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountant's Review Report

The Board of Directors
Philadelphia Orchard Project, Inc.
Philadelphia, PA

We have reviewed the accompanying statements of financial position of ***Philadelphia Orchard Project, Inc.*** (a non-profit organization) as of June 30, 2023 and 2022 and the related statements of activities 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 financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 review, 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.

Joseph W. Bowley & Company, L.L.P.

Joseph W. Bowley & Company, L.L.P.
Certified Public Accountants

Blackwood, New Jersey
September 25, 2023

PHILADELPHIA ORCHARD PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets		
Cash	\$ 280,306	\$ 345,750
Accounts receivable	2,982	11,084
Grants and pledge receivables	248,820	194,437
Prepays and other	10,273	-
Total current assets	<u>542,381</u>	<u>551,271</u>
Leasehold improvements and equipment		
\$12,246 and \$5,807 of accumulated depreciation and amortization	<u>85,982</u>	<u>15,478</u>
Other assets		
Security deposit	400	400
Right-of-use assets	47,478	-
Long-term portion, grants and pledge receivables	<u>-</u>	<u>100,000</u>
Total other assets	<u>47,878</u>	<u>100,400</u>
Total assets	<u><u>\$ 676,241</u></u>	<u><u>\$ 667,149</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 25,715	\$ 5,091
Operating lease obligations, current portion	<u>5,621</u>	<u>-</u>
Total current liabilities	<u>31,336</u>	<u>5,091</u>
Long-term debt		
Operating lease obligations, net of current portion	<u>41,857</u>	<u>-</u>
Total liabilities	<u>73,193</u>	<u>5,091</u>
Net assets		
Without donor restrictions	395,228	346,666
With donor restrictions	<u>207,820</u>	<u>315,392</u>
Total net assets	<u>603,048</u>	<u>662,058</u>
Total liabilities and net assets	<u><u>\$ 676,241</u></u>	<u><u>\$ 667,149</u></u>

See accompanying notes and independent accountant's review report.

PHILADELPHIA ORCHARD PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Grants			
Foundations	\$ 169,695	\$ 15,000	\$ 184,695
Contributions	69,105	64,533	133,638
Government grants	-	49,500	49,500
In-kind goods and services	5,792	-	5,792
Sales, net of \$3,920 cost of goods sold	3,920	-	3,920
Program income	12,104	-	12,104
Special event income	11,334	-	11,334
Interest income	168	-	168
Net assets released from restrictions: Satisfaction of program restrictions	<u>236,605</u>	<u>(236,605)</u>	<u>-</u>
Total revenue and support	<u>508,723</u>	<u>(107,572)</u>	<u>401,151</u>
 <u>EXPENSES</u>			
Program services	<u>338,373</u>	<u>-</u>	<u>338,373</u>
Supporting services			
Management and general	74,158	-	74,158
Fundraising	<u>47,630</u>	<u>-</u>	<u>47,630</u>
Total supporting services	<u>121,788</u>	<u>-</u>	<u>121,788</u>
Total expenses	<u>460,161</u>	<u>-</u>	<u>460,161</u>
Changes in net assets	48,562	(107,572)	(59,010)
Net assets, beginning of fiscal year	<u>346,666</u>	<u>315,392</u>	<u>662,058</u>
Net assets, end of fiscal year	<u>\$ 395,228</u>	<u>\$ 207,820</u>	<u>\$ 603,048</u>

See accompanying notes and independent accountant's review report.

PHILADELPHIA ORCHARD PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Grants			
Foundations	\$ 188,844	\$ 140,306	\$ 329,150
Contributions	22,228	180,207	202,435
SBA Loan Program Forgiveness	36,678	-	36,678
In-kind goods and services	5,000	-	5,000
Sales, net of \$3,961 cost of goods sold	3,961	-	3,961
Program income	23,246	-	23,246
Special event income	9,983	-	9,983
Interest income	58	-	58
Net assets released from restrictions: Satisfaction of program restrictions	173,286	(173,286)	-
Total revenue and support	<u>463,284</u>	<u>147,227</u>	<u>610,511</u>
 <u>EXPENSES</u>			
Program services	<u>240,474</u>	<u>-</u>	<u>240,474</u>
Supporting services			
Management and general	78,643	-	78,643
Fundraising	<u>50,023</u>	<u>-</u>	<u>50,023</u>
Total supporting services	<u>128,666</u>	<u>-</u>	<u>128,666</u>
Total expenses	<u>369,140</u>	<u>-</u>	<u>369,140</u>
Changes in net assets	94,144	147,227	241,371
Net assets, beginning of fiscal year	<u>252,522</u>	<u>168,165</u>	<u>420,687</u>
Net assets, end of fiscal year	<u>\$ 346,666</u>	<u>\$ 315,392</u>	<u>\$ 662,058</u>

See accompanying notes and independent accountant's review report.

PHILADELPHIA ORCHARD PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and payroll taxes	\$ 258,827	\$ 35,749	\$ 37,324	\$ 331,900
Employee benefits	4,167	569	601	5,337
Outside services				
Horticulture and education	4,640	-	-	4,640
Professional fees, other	2,909	14,227	135	17,271
Depreciation, equip. and amortization, leasehold improvements	6,439	-	-	6,439
Bad debt expense	-	776	-	776
Bank and credit card fees	-	34	14	48
Event expense	-	-	2,758	2,758
Insurance	-	2,101	-	2,101
Internet and website expenses	1,284	281	-	1,565
Miscellaneous	710	1,558	2,063	4,331
Office expenses	-	1,869	-	1,869
Rent	-	5,650	-	5,650
Printing	1,635	294	2,659	4,588
Postage	-	-	675	675
Professional development	-	5,258	-	5,258
Professional fees, in-kind services	-	5,468	-	5,468
Program supplies and expense	51,255	-	-	51,255
Software expenses	-	324	1,401	1,725
Transportation	6,507	-	-	6,507
Total expenses	<u>\$ 338,373</u>	<u>\$ 74,158</u>	<u>\$ 47,630</u>	<u>\$ 460,161</u>

See accompanying notes and independent accountant's review report.

PHILADELPHIA ORCHARD PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and payroll taxes	\$ 173,740	\$ 33,067	\$ 33,990	\$ 240,797
Employee benefits	6,918	1,317	1,353	9,588
Outside services				
Horticulture and education	2,345	-	-	2,345
Professional fees, other	-	28,132	-	28,132
Depreciation, equip. and amortization, leasehold improvements	3,657	-	-	3,657
Bad debt expense	-	105	-	105
Bank and credit card fees	-	122	2,275	2,397
Event expense	-	-	672	672
Insurance	-	4,731	-	4,731
Insurance - workers comp.	3,914	745	766	5,425
Internet and website expenses	-	1,090	-	1,090
Miscellaneous	77	383	-	460
Office expenses	2,063	2,067	-	4,130
Rent	-	4,800	-	4,800
Printing	3,997	172	1,587	5,756
Postage	-	-	739	739
Professional development	-	-	3,468	3,468
Professional fees, in-kind services	-	1,500	-	1,500
Program supplies and expense	40,948	-	-	40,948
Software expenses	566	119	5,173	5,858
Transportation	2,249	293	-	2,542
Total expenses	<u>\$ 240,474</u>	<u>\$ 78,643</u>	<u>\$ 50,023</u>	<u>\$ 369,140</u>

See accompanying notes and independent accountant's review report.

PHILADELPHIA ORCHARD PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2023</u>	<u>2022</u>
Changes in net assets	\$ (59,010)	\$ 241,371
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation, equip and amortization		
leasehold improvements	6,439	3,657
Forgiveness on SBA Loan Programs	-	(36,678)
(Increase) decrease in:		
Accounts receivable	8,102	11,600
Grants and pledge receivables	45,617	(142,332)
Prepaid assets	(10,273)	-
Increase in:		
Accounts payable	20,623	4,113
Net cash (used in) provided by operating activities	<u>11,498</u>	<u>81,731</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Leashold improvements and equipment	<u>(76,942)</u>	<u>(7,537)</u>
Net cash used in investing activities	<u>(76,942)</u>	<u>(7,537)</u>
Net (decrease) increase in cash	(65,444)	74,194
Cash, beginning of fiscal year	<u>345,750</u>	<u>271,555</u>
Cash, end of fiscal year	<u>\$ 280,306</u>	<u>\$ 345,750</u>

See accompanying notes and independent accountant's review report.

PHILADELPHIA ORCHARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

1. PROGRAMS AND ACTIVITIES

Founded in 2007, ***Philadelphia Orchard Project, Inc.*** (the “Organization”) is a Pennsylvania non-profit organization dedicated to planting and supporting community orchards in the City of Philadelphia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The financial statements are presented in accordance with Financial Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Accountants (AICPA) “Audits and Accounting Guide for Not-for-Profit Organizations” (the Guide). ASC 958-205 was effective January 1, 2018. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restriction from time to time.

Net Assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporarily in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated that funds be maintained in perpetuity.

Accounts Receivable

The Organization records revenue at the time it is earned. An allowance for uncollectible receivables is based on a review of specific amounts and estimated on historical collection data. There is no allowance for doubtful accounts at June 30, 2023 and 2022 as management believes all receivables are collectible.

PHILADELPHIA ORCHARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributions and Grant Income

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional contributions are recognized as revenue when the conditions are satisfied.

Donated Services

Donated services are recognized as contributions in accordance with Accounting Standards Codification (ASC) Topic No. 958, *Financial Statements of Not-For-Profit Entities*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also received donated land, approximately 1.425 acres, from a local cemetery for operations, at no cost, with a lease through June 30, 2023. No value for this has been reflected in the financials as this can not be properly estimated.

Advertising Costs

Advertising costs are expensed in the year they are incurred.

Use of Estimates

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

Fair Value of Financial Instruments

The Organization's financial instruments consist primarily of cash, accounts receivable and accounts payable. These balances, as presented in the financial statements as of June 30, 2023 and 2022, respectively, approximate their fair market value because of their short maturities.

Income Taxes

The Organization is a non-profit organization that is exempt from income taxes under the provisions of Internal Revenue Code Section 501 (c) (3), and is exempt from state income taxes under the provisions of the Pennsylvania Department of Revenue.

PHILADELPHIA ORCHARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Taxes (cont'd)

The Organization has adopted current accounting principles for uncertain income tax positions that require evaluation of tax positions taken on its income tax returns and recognizing a tax assets or liability if the position would not be sustained under audit. The Organization's policy is to record interest and penalties from tax examinations as income taxes. For federal income tax purposes, the returns remain open for possible examination three years after they are filed.

3. GRANTS AND PLEDGE RECEIVABLES

Grants and pledge receivables at June 30 are as follows:	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 248,820	\$ 209,521
Receivable in one to five years	-	100,000
Receivable in more than five years	<u>-</u>	<u>-</u>
Total grants receivable	248,820	309,521
Less: discounts to present value (7.5% rate, at June 30, 2023 and 5% at 2022)	<u>(-)</u>	<u>(3,562)</u>
Net grants and pledge receivables at June 30	<u>\$ 248,820</u>	<u>\$ 305,521</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2023 were restricted for the following purposes:

Donor restricted due to timing	\$ 75,000
Donor restricted due to purpose:	
"CHOP Healthier Together"	60,533
"Peoples Garden"	49,500
Other programs	<u>22,787</u>
	<u>\$ 207,820</u>

Net assets with donor restrictions at June 30, 2022 were restricted for the following purposes:

Donor restricted due to timing	\$ 225,000
Donor restricted due to purpose:	
"CHOP Healthier Together"	40,650
"Urban Ag Innovation"	25,000
Other programs	<u>24,742</u>
	<u>\$ 207,820</u>

PHILADELPHIA ORCHARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

5. LEASE AGREEMENT

The Organization conducts its operations from one location under an operating lease terminating in June 2028. The total present monthly rent is \$800 per month and includes common area maintenance charges and real estate taxes. The monthly rent escalates over the life of the lease.

In accordance with the new leasing standard (ASU 2016-02), the operating leases have been capitalized as right-of-use assets and operating lease obligations on the statement of financial position. Both the right-of-use assets and the lease liabilities were initially valued at the net present value of the leases based on the risk-free rate of return.

Future minimum lease payments are as follows for the years ended June 30:

2024	\$	9,600
2025		12,000
2026		12,480
2027		12,979
2028		<u>13,498</u>
Total minimum lease payments		60,557
Less: amount representing interest		<u>(13,078)</u>
Present value of minimum lease payments		<u>\$ 47,479</u>

PHILADELPHIA ORCHARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

6. LIQUIDITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Liquidity at June 30, 2023 is as follows:

Cash	\$ 280,306
Accounts, grants, and pledges receivables	251,802
Current liabilities	<u>(31,336)</u>
Assets available for general expenditures	<u>\$ 500,772</u>

The Organization structures financial assets to be available for general expenditures as program commitments become due and it's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the statement of financial position date.

7. PAYCHECK PROTECTION PROGRAM LOAN

On March 10, 2021, the Organization was granted a loan from Citizens Bank, in the aggregate amount of \$36,678, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a note dated March 10, 2021 was forgiven On August 19, 2021. This was recognized as income in the year ended June 30, 2022.

8. SUBSEQUENT EVENTS

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through September 25, 2023, the date of the financial statements were available to be issued. The Organization had no significant or material subsequent events through September 25, 2023.