

PHILADELPHIA ORCHARD PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2021 AND 2020

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, 2021 and 2020 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 & Co., LLP*

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

Blackwood, New Jersey  
October 15, 2021

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

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 271,555	\$ 277,759
Accounts receivable	22,684	2,619
Grants and pledge receivables	<u>128,277</u>	<u>117,492</u>
Total current assets	<u>422,516</u>	<u>397,870</u>
Leasehold improvements, less \$2,150 of accumulated amortization	<u>11,599</u>	<u>-</u>
Other assets		
Security deposit	400	400
Long-term portion, grants and pledge receivables	<u>23,828</u>	<u>-</u>
Total other assets	<u>24,228</u>	<u>400</u>
Total assets	<u>\$ 458,343</u>	<u>\$ 398,270</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 978	\$ -
SBA Loans Payable	<u>36,678</u>	<u>34,800</u>
Total liabilities	<u>37,656</u>	<u>34,800</u>
Net assets		
Without donor restrictions	252,522	238,177
With donor restrictions	<u>168,165</u>	<u>125,293</u>
Total net assets	<u>420,687</u>	<u>363,470</u>
Total liabilities and net assets	<u>\$ 458,343</u>	<u>\$ 398,270</u>

See accompanying notes and independent accountant's review report.

PHILADELPHIA ORCHARD PROJECT, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Grants			
Foundations	\$ 39,400	\$ 161,333	\$ 200,733
Contributions	86,042	-	86,042
SBA Loan Program Forgiveness	34,800	-	34,800
In-kind goods and services	4,500	-	4,500
Sales, net of \$2,269 cost of goods sold	2,269	-	2,269
Program income	17,441	-	17,441
Special event income	5,895	-	5,895
Interest income	212	-	212
Net assets released from restrictions:			
Satisfaction of program restrictions	118,461	(118,461)	-
Total revenue and support	<u>309,020</u>	<u>42,872</u>	<u>351,892</u>
 <u>EXPENSES</u>			
Program services	<u>195,725</u>	<u>-</u>	<u>195,725</u>
Supporting services			
Management and general	56,872	-	56,872
Fundraising	<u>42,078</u>	<u>-</u>	<u>42,078</u>
Total supporting services	<u>98,950</u>	<u>-</u>	<u>98,950</u>
Total expenses	<u>294,675</u>	<u>-</u>	<u>294,675</u>
Changes in net assets	14,344	42,872	57,216
Net assets, beginning of fiscal year	<u>238,177</u>	<u>125,293</u>	<u>363,470</u>
Net assets, end of fiscal year	<u>\$ 252,522</u>	<u>\$ 168,165</u>	<u>\$ 420,687</u>

See accompanying notes and independent accountant's review report.

PHILADELPHIA ORCHARD PROJECT, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Grants			
Foundations	\$ 35,582	\$ 81,871	\$ 117,453
Contributions	154,332	-	154,332
In-kind goods and services	12,182	-	12,182
Sales, net of \$1,249 cost of goods sold	1,249	-	1,249
Program income	16,563	-	16,563
Special event income	14,026	-	14,026
Interest income	1,458	-	1,458
Net assets released from restrictions:			
Satisfaction of program restrictions	96,545	(96,545)	-
Total revenue and support	<u>331,938</u>	<u>(14,674)</u>	<u>317,264</u>
 <u>EXPENSES</u>			
Program services	<u>164,335</u>	<u>-</u>	<u>164,335</u>
Supporting services			
Management and general	61,443	-	61,443
Fundraising	<u>41,676</u>	<u>-</u>	<u>41,676</u>
Total supporting services	<u>103,119</u>	<u>-</u>	<u>103,119</u>
Total expenses	<u>267,454</u>	<u>-</u>	<u>267,454</u>
Changes in net assets	64,484	(14,674)	49,810
Net assets, beginning of fiscal year	<u>173,693</u>	<u>139,967</u>	<u>313,660</u>
Net assets, end of fiscal year	<u>\$ 238,177</u>	<u>\$ 125,293</u>	<u>\$ 363,470</u>

See accompanying notes and independent accountant's review report.

PHILADELPHIA ORCHARD PROJECT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and payroll taxes	\$ 131,281	\$ 34,404	\$ 31,579	\$ 197,264
Employee benefits	9,277	2,431	2,231	13,939
Outside services				
Horticulture and education	1,750	-	-	1,750
Professional fees, other	-	5,965	400	6,365
Amortization, leasehold improvements	2,150	-	-	2,150
Bank and credit card fees	-	-	1,207	1,207
Conference expense	50	-	-	50
Event expense	-	-	1,591	1,591
Fundraising expense	-	-	53	53
Insurance	-	4,308	-	4,308
Insurance - workers comp.	2,356	617	567	3,540
Internet and website expenses	915	-	-	915
Miscellaneous	-	371	-	371
Office expenses	-	1,662	-	1,662
Rent	-	4,800	-	4,800
Printing	1,357	612	1,945	3,914
Postage	-	-	1,179	1,179
Professional development	3,591	-	-	3,591
Professional fees, in-kind services	-	1,500	-	1,500
Program supplies and expense	39,015	-	-	39,015
Software expenses	663	201	1,325	2,189
Transportation	2,668	-	-	2,667
Utilities	653	-	-	653
<b>Total expenses</b>	<b>\$ 195,725</b>	<b>\$ 56,872</b>	<b>\$ 42,078</b>	<b>\$ 294,675</b>

See accompanying notes and independent accountant's review report.



PHILADELPHIA ORCHARD PROJECT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and payroll taxes	\$ 121,783	\$ 32,595	\$ 29,869	\$ 184,247
Outside services				
Horticulture and education	183	-	-	183
Professional fees, other	700	2,865	-	3,565
Bank and credit card fees	-	25	718	743
Conference expense	66	-	-	66
Event expense	-	-	6,259	6,259
Fundraising expense	-	-	531	531
Insurance	-	5,473	-	5,473
Insurance - workers comp.	4,783	1,280	1,173	7,236
Internet and website expenses	2	2,879	-	2,881
Meals and entertainment	-	945	-	945
Miscellaneous	-	394	-	394
Office expenses	-	1,702	-	1,702
Rent	-	4,400	-	4,400
Printing	-	442	2,149	2,591
Postage	-	-	977	977
Professional development	726	-	-	726
Professional fees, in-kind services	-	8,182	-	8,182
Program supplies and expense	31,227	-	-	31,227
Software expenses	43	120	-	163
Transportation	4,822	141	-	4,963
<b>Total expenses</b>	<b>\$ 164,335</b>	<b>\$ 61,443</b>	<b>\$ 41,676</b>	<b>\$ 267,454</b>

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>2021</u>	<u>2020</u>
Changes in net assets	\$ 57,216	\$ 49,810
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization, leasehold improvements	2,150	-
Forgiveness on SBA Loan Programs	(34,800)	-
(Increase) decrease in:		
Accounts receivable	(20,065)	7,112
Grants and pledge receivables	(34,613)	6,424
Increase in:		
Accounts payable	978	(7,456)
Net cash (used in) provided by operating activities	<u>(29,134)</u>	<u>55,890</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Leashold improvements	<u>(13,748)</u>	<u>-</u>
Net cash provided used in investing activities	<u>(13,748)</u>	<u>-</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Borrowings on SBA Loan Programs	<u>36,678</u>	<u>34,800</u>
Net cash provided by financing activities	<u>36,678</u>	<u>34,800</u>
Net (decrease) increase in cash	(6,205)	90,690
Cash, beginning of fiscal year	<u>277,760</u>	<u>187,070</u>
Cash, end of fiscal year	<u>\$ 271,555</u>	<u>\$ 277,760</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, 2021 and 2020 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, one acre, from a local cemetery for operations, at no cost, with a lease through March 31, 2023. No value for this has been reflected in the financials as this can not be properly estimated.

Compensated Absences

The Organization does not record an accrual for compensated absences since they cannot be reasonably 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, 2021 and 2020, 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>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 128,277	\$ 117,492
Receivable in one to five years	25,000	-
Receivable in more than five years	<u>-</u>	<u>-</u>
Total grants receivable	153,277	117,492
Less: discounts to present value (3.5% rate, at June 30, 2021 and 2020)	<u>(1,172)</u>	<u>-</u>
Net grants and pledge receivables at June 30	<u>\$ 152,105</u>	<u>\$ 117,492</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 were restricted for the following purposes:

Donor restricted due to timing	\$ 38,997
Donor restricted due to purpose:	
"CHOP Healthier Together"	82,050
"Urban Ag Innovation"	25,000
Other programs	<u>22,118</u>
	<u>\$ 168,165</u>

Net assets with donor restrictions at June 30, 2020 were restricted for the following purposes:

Donor restricted due to timing	\$ 84,000
Donor restricted due to purpose:	
"Blossom Fund"	33,000
Other programs	<u>8,293</u>
	<u>\$ 125,293</u>

PHILADELPHIA ORCHARD PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS

5. LEASE COMMITMENT

During the year ended June 30, 2018, the Organization lease office space for a twelve-month period ended January 31, 2018. The agreement did not renew automatically and is currently on a month to month basis at \$400 per month. There has been no change to this lease in the year ended June 30, 2021. The Organization also leases certain space on the property of a local cemetery for operating purposes. This lease is at a nominal rate and expires on March 31, 2023. The Organization will be able to renew the lease at its option. The value of this lease has not been reflected in these financial statements as the Organization has not had an appraisal done if its value.

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 December 31, 2021 is as follows:

Cash	\$ 271,555
Accounts, grants, and pledges receivables	175,961
Current liabilities	<u>( 978)</u>
Assets available for general expenditures	<u>\$ 446,538</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 issued by the Borrower, matures on June 1, 2022, and bears interest at a rate of 1.00% per annum, payable monthly commencing on December 1, 2021. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred June 23, 2021. The Company used the entire Loan amount for qualifying expenses. Under the terms of the PPP, the Loan was forgiven On August 19, 2021.

PHILADELPHIA ORCHARD PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS

7. PAYCHECK PROTECTION PROGRAM LOAN (CONT'D)

April 30, 2020, the Organization was granted a loan from Citizens Bank, in the aggregate amount of \$29,800, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Organization met the criteria for forgiveness, and this was granted on December 23, 2020. This was recognized as forgiveness income in the year ended June 30, 2021.

8. ECONOMIC INJURY DISASTER LOAN

May 4, 2020, the Organization was granted a loan from the SBA, in the amount of \$5,000, pursuant to Economic Injury Disaster Loan program. This loan was forgiven and was recognized as income during the year ended June 30, 2021.

9. SUBSEQUENT EVENTS

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through October 15, 2021, the date of the financial statements were available to be issued. The Organization had no significant or material subsequent events through October 15, 2021, except as noted in Note 7.