



**ROOM TO GROW NATIONAL, INC.**

Audited Financial Statements

December 31, 2019

# ROOM TO GROW NATIONAL, INC

## Index

December 31, 2019

<b>Independent Auditors' Report</b>	1-2
<b>Financial Statements:</b>	
Statement of Financial Position as of December 31, 2019 with Comparative Totals as of December 31, 2018	3
Statement of Activities for the Year Ended December 31, 2019 with Comparative Totals for the Year Ended of December 31, 2018	4
Statement of Functional Expenses for the Year Ended December 31, 2019 with Comparative Totals for the Year Ended December 31, 2018	5
Statement of Cash Flows for the Year Ended December 31, 2019 with Comparative Totals for the Year Ended December 31, 2018	6
Notes to Financial Statements	7-19



## **Independent Auditors' Report**

To the Board of Directors of  
Room to Grow National, Inc

We have audited the accompanying financial statements of Room to Grow National, Inc (a nonprofit organization), (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 the Organization as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1(q) to the financial statements, the Agency has adopted ASU No. 2014-19, *Revenue from Contracts with Customers* and ASU No. 2018-08, *Clarified Scope and Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to that matter.



Nimir P. Martini & Associates, P.C.

Braintree, Massachusetts  
October 1, 2020

**ROOM TO GROW NATIONAL, INC.**

Statement of Financial Position

As of December 31, 2019

With Comparative Totals as of December 31, 2018

	2019	2018
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,611,859	\$ 1,783,512
Cash equivalents included with investments	1,378,173	780,509
Total cash and cash equivalents	2,990,032	2,564,021
Pledges receivable, current portion	1,040,980	824,916
Goods donated for program participants	272,632	349,357
Prepaid expenses	83,836	61,226
Investments	5,216,774	4,403,257
Total current assets	9,604,254	8,202,777
<b>Fixed Assets</b>		
Leasehold improvements	1,407,852	638,849
Furniture and fixtures	232,824	160,070
Office equipment	36,645	36,645
Total fixed assets	1,677,321	835,564
Less: accumulated depreciation	(653,992)	(470,584)
Total net fixed assets	1,023,329	364,980
<b>Other Assets</b>		
Pledges receivable, long term portion, net	1,050,000	130,000
Security deposits	206,511	116,164
Total other assets	1,256,511	246,164
<b>Total Assets</b>	\$ 11,884,094	\$ 8,813,921
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 580,044	\$ 96,547
Deferred rent	6,817	13,592
Total Liabilities	586,861	110,139
Net Assets		
Net assets without donor restrictions	7,568,683	6,128,082
Net assets with donor restrictions	3,728,550	2,575,700
Total net assets	11,297,233	8,703,782
<b>Total Liabilities and Net Assets</b>	\$ 11,884,094	\$ 8,813,921

**ROOM TO GROW NATIONAL, INC.**

Statement of Activities

For the Year Ended December 31, 2019  
With Comparative Totals for the Year Ended December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2019 Total	2018 Total
<b>Revenue and Support</b>				
Contributions	\$ 2,484,854	\$ 2,423,000	\$ 4,907,854	\$ 3,874,646
Contributions - donated goods	408,429	-	408,429	421,251
Special event income, net of expenses with a direct benefit to donors	949,013	-	949,013	1,276,394
Other income	5,091	-	5,091	8,541
Investment revenue, net	411,449	-	411,449	(15,855)
Loss on obsolete donated goods	(3,603)	-	(3,603)	(230,286)
Net assets released from restrictions	<u>1,270,150</u>	<u>(1,270,150)</u>	<u>-</u>	<u>-</u>
 Total revenue and support	 <u>5,525,383</u>	 <u>1,152,850</u>	 <u>6,678,233</u>	 <u>5,334,691</u>
<b>Expenses</b>				
Program services	<u>2,808,901</u>	<u>-</u>	<u>2,808,901</u>	<u>2,571,673</u>
Supporting services:				
Administration	672,232	-	672,232	574,602
Fundraising	603,649	-	603,649	691,845
Total supporting services	<u>1,275,881</u>	<u>-</u>	<u>1,275,881</u>	<u>1,266,447</u>
 Total expenses	 <u>4,084,782</u>	 <u>-</u>	 <u>4,084,782</u>	 <u>3,838,120</u>
 <b>Total Change in Net Assets</b>	 1,440,601	 1,152,850	 2,593,451	 1,496,571
 <b>Net Assets at Beginning of Year</b>	 <u>6,128,082</u>	 <u>2,575,700</u>	 <u>8,703,782</u>	 <u>7,207,211</u>
 <b>Net Assets at End of Year</b>	 <u>\$ 7,568,683</u>	 <u>\$ 3,728,550</u>	 <u>\$ 11,297,233</u>	 <u>\$ 8,703,782</u>

**ROOM TO GROW NATIONAL, INC.**

Statement of Functional Expenses

For the Year Ended December 31, 2019  
With Comparative Totals for the Year Ended December 31, 2018

	Supporting Services			Program Services	2019 Total	2018 Total
	Administration	Fundraising	Total Supporting Services			
<b>Functional Expenses</b>						
Salaries	\$ 324,021	\$ 342,022	\$ 666,043	\$ 1,134,074	\$ 1,800,117	\$ 1,693,440
Payroll taxes and benefits	42,429	44,786	87,215	148,502	235,717	241,227
Distribution of donated goods	-	-	-	481,551	481,551	502,672
Program materials	-	-	-	167,793	167,793	56,650
Program consultant	-	-	-	-	-	153,000
Occupancy	50,399	35,279	85,678	418,312	503,990	470,252
Storage	-	-	-	49,164	49,164	34,192
Professional fees	126,021	-	126,021	18,021	144,042	117,499
Office supplies	25,276	26,680	51,956	88,465	140,421	80,189
Insurance	2,567	1,797	4,363	21,304	25,667	17,517
Telephone	2,324	1,627	3,951	19,290	23,241	20,857
Event supplies & other expenses	-	310,572	310,572	-	310,572	325,739
Postage and delivery	653	689	1,342	2,286	3,628	4,459
Marketing & printing	3,439	3,630	7,068	12,035	19,103	27,259
Travel and meals	19,903	21,009	40,912	69,661	110,573	109,601
Bank fees	49,370	-	49,370	-	49,370	47,538
Other	-	-	-	-	-	40
Dues and subscriptions	7,490	7,906	15,396	26,216	41,612	36,928
Depreciation	18,341	12,839	31,179	152,229	183,408	95,162
<b>Total Functional Expenses</b>	<u>672,232</u>	<u>808,836</u>	<u>1,481,068</u>	<u>2,808,901</u>	<u>4,289,969</u>	<u>4,034,221</u>
Less: costs with a direct benefit to donors	-	(205,187)	-	-	(205,187)	(196,101)
<b>Total Functional Expenses, Net</b>	<u>\$ 672,232</u>	<u>\$ 603,649</u>	<u>\$ 1,481,068</u>	<u>\$ 2,808,901</u>	<u>\$ 4,084,782</u>	<u>\$ 3,838,120</u>

**ROOM TO GROW NATIONAL, INC.**

Statement of Cash Flows

For the Year Ended December 31, 2019  
With Comparative Totals for the Year Ended December 31, 2018

<b>Cash Flows from Operating Activities</b>	<u>2019</u>	<u>2018</u>
<b>Change in net assets</b>	\$ 2,593,451	\$ 1,496,571
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	183,408	95,162
Loss on obsolete donated goods	3,603	230,286
Net unrealized and realized (loss) gain on long term investments	(246,457)	94,247
Dividends	(95,060)	(28,912)
Decrease (increase) in assets		
Pledges receivable, net	(1,136,064)	(560,034)
Goods donated for program participants	73,122	81,420
Prepaid expenses	(22,610)	(13)
Security deposits	(90,347)	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	283,442	(45,024)
Deferred rent	(6,775)	(25,843)
<b>Net Cash Provided by Operating Activities</b>	<u>1,539,713</u>	<u>1,337,860</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(4,428,000)	(4,964,592)
Proceeds from sale of investments	3,956,000	496,000
Purchase of fixed assets	(641,702)	-
<b>Net Cash Used in Investing Activities</b>	<u>(1,113,702)</u>	<u>(4,468,592)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	426,011	(3,130,732)
<b>Cash and Cash Equivalents - Beginning</b>	<u>2,564,021</u>	<u>5,694,753</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 2,990,032</u>	<u>\$ 2,564,021</u>
<b>Supplement Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ <u>-</u>	\$ <u>-</u>
Cash paid during the year for taxes	\$ <u>-</u>	\$ <u>-</u>
<b>Supplement Data for Noncash Investing and Financing Activities</b>		
Fixed assets included in accounts payable	<u>\$ 200,055</u>	<u>\$ -</u>



# ROOM TO GROW NATIONAL, INC

## Notes to Financial Statements

December 31, 2019

### **(1) Summary of Significant Accounting Policies**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by Room to Grow National, Inc (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

#### ***(a) Nature of Activities***

The Organization provides parents raising babies in poverty with one-on-one parenting support and essential baby items throughout their children's critical first three years of life. Parents expecting a baby are referred to the Organization by selected prenatal programs assisting low-income families. Upon their referral, parents visit the Organization's warm and inviting space once every three months from just before the birth of the baby until their child turns three. During their one-on-one appointments with staff clinicians, typically lasting two hours, parents receive developmental information, customized support, and all of the needed baby items to ensure a healthy and secure start for their child.

The majority of the Organization's services are provided to Boston and New York City residents.

#### ***(b) Basis of Presentation***

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

#### ***(c) Standards of Accounting and Reporting***

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

# ROOM TO GROW NATIONAL, INC

## Notes to Financial Statements

December 31, 2019

### (1) Summary of Significant Accounting Policies - continued

#### *(c) Standards of Accounting and Reporting - continued*

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions, gains and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

#### *(d) Cash and Cash Equivalents*

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Cash balances maintained by the Organization are held at a bank with a good reputation and amounts are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2019.

#### *(e) Investments*

The Organization carries investments at fair value. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Investments are exposed to risks such as interest rate, credit and overall market volatility.

# ROOM TO GROW NATIONAL, INC

## Notes to Financial Statements

December 31, 2019

### (1) Summary of Significant Accounting Policies - continued

#### *(f) Revenue Recognition*

The Organization earns revenue as follows:

Contributions - Contributions are recorded upon receipt or pledge as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Goods Donated for Program Participants - Goods donated for program participants are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restriction unless the donor has restricted the donated asset to a specific purpose.

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special events revenue is recognized when earned and is shown net of related direct expenses in the accompanying statement of activities.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts and New York. During the year ended December 31, 2019, the Organization derived substantially all of its total revenue from foundations and individual donors. All revenue is recorded at the estimated net realizable amounts.

#### *(g) Promises to Give*

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

**ROOM TO GROW NATIONAL, INC**

Notes to Financial Statements

December 31, 2019

**(1) Summary of Significant Accounting Policies - continued**

***(g) Promises to Give - continued***

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of December 31, 2019, management has determined any allowance would be immaterial.

***(h) Goods Donated for Program Participants***

The Organization receives donated goods that are used to provide program participants with vital supplies needed. Donated goods are grouped into homogenous categories and estimates are computed based on average prices on recognized exchanges for similar goods. Inventory is valued at the lower of net realizable value or fair value.

***(i) Property and Equipment***

Property and equipment are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Leasehold improvements	life of lease
Furniture and fixtures	5-7 years
Office equipment	5 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

# ROOM TO GROW NATIONAL, INC

## Notes to Financial Statements

December 31, 2019

### (1) Summary of Significant Accounting Policies - continued

#### *(j) Deferred Rent*

Rent expense is recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. In later years of the lease, as payments exceed the amount of expense recognized, deferred rent will be reduced until it is zero at the end of the lease.

#### *(k) Fair Value Measurements*

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

**Level 1:** Quoted prices for identical instruments in active markets.

**Level 2:** Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant inputs to the valuation model are unobservable.

The following sections describe the valuation methodologies used to measure financial assets at fair value on a recurring basis.

**Investments in Debt and Equity Securities:** Quoted market prices, a Level 1 input, are used to determine the fair value of investment securities, (see Note 3).

**Goods Donated for Program Participants:** Available quoted market prices for similar assets as determinable through online resale sites, a Level 2 input, are used to determine the fair value of goods donated for program participants, (see Note 1(h)).

**ROOM TO GROW NATIONAL, INC**

Notes to Financial Statements

December 31, 2019

**(1) Summary of Significant Accounting Policies - continued**

***(k) Fair Value Measurements - continued***

**Pledges Receivable:** Promises to give are discounted using risk-adjusted interest rates, a Level 2 input, applicable to the years in which the promises to give, (see Note 2).

The following table summarizes assets measured at fair value on a recurring basis as of December 31, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 5,216,774	\$ -	\$ -	\$ 5,216,774
Goods donated for program participants	-	272,632	-	272,632
Pledges receivable - current year additions	-	1,136,064	-	1,136,064
	<u>\$ 5,216,774</u>	<u>\$ 1,408,696</u>	<u>\$ -</u>	<u>\$ 6,625,470</u>

The Organization's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended December 31, 2019.

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Organization records assets and liabilities at fair value on a nonrecurring basis as required by GAAP. The Organization currently has no liabilities that are adjusted to fair value on a nonrecurring basis.

***(l) Fundraising Expense***

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 10% for the year ended December 31, 2019. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

# ROOM TO GROW NATIONAL, INC

## Notes to Financial Statements

December 31, 2019

### **(1) Summary of Significant Accounting Policies - continued**

#### ***(m) Functional Allocation of Expenses***

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

#### ***(n) Use of Estimates***

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***(o) Income Taxes***

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC.

# ROOM TO GROW NATIONAL, INC

## Notes to Financial Statements

December 31, 2019

### **(1) Summary of Significant Accounting Policies - continued**

#### ***(p) Summarized Financial Information for 2018***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

#### ***(q) Recent Accounting Standard Adopted***

On July 1, 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). Adopting this standard did not have a significant impact on recognition of revenue of the Organization during the periods presented or on opening net assets balances as of January 1, 2019.

On July 1, 2019, the Organization adopted ASU 2018-08, *Clarified Scope and Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify and improve the guidance in U.S. GAAP for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution that is a promise to give is conditional. Adoption of this standard did not have a significant impact on recognition of contribution revenue in 2019 or on the Organization's opening net asset balance as of January 1, 2019.

### **(2) Pledges Receivable**

The Organization has received unconditional pledges that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value which is calculated using risk adjusted present value techniques, if material long term pledges are treated as time restricted until the period they are due, at which time they will be released from restriction. Based on historical experience and a specific review of outstanding receivables, management has deemed that no allowance for doubtful accounts is necessary.



## ROOM TO GROW NATIONAL, INC

### Notes to Financial Statements

December 31, 2019

#### (2) Pledges Receivable - continued

The following is an analysis of the pledges receivable as of December 31, 2019:

December 31, 2020	\$ 1,040,980
December 31, 2021	525,000
December 31, 2022	<u>525,000</u>
Pledges receivable total	\$ <u>2,090,980</u>

There is no discount applied to long-term promises to give as of December 31, 2019, as the effect to the financial statements would be immaterial.

#### (3) Investments

Investments are valued at fair value using level 1 inputs, unadjusted quoted prices in active markets, and are comprised of the following as of December 31, 2019:

Equities	\$ 964,013
US Fixed Income	2,770,845
Trading CD's	<u>1,481,916</u>
Investments Measured at Fair Value	5,216,774
Cash	<u>1,378,173</u>
Total Investments	\$ <u>6,594,947</u>

Investment income consisted of the following for the year ended December 31, 2019:

Interest and dividends	\$ 164,960
Unrealized and realized gains, net	<u>246,489</u>
Total gain on Investments	\$ <u>411,449</u>

The marketable equity securities and corporate fixed income debt securities primarily consist of index funds, holding common stock of companies traded on the New York Stock Exchange. Cash balances can be liquidated in the same fiscal year and therefore are included in cash and cash equivalents on the Statement of Financial Position.

## ROOM TO GROW NATIONAL, INC

### Notes to Financial Statements

December 31, 2019

#### (4) Operating Lease Commitments

The Organization occupies office space in Boston and New York under non-cancelable, operating lease agreements with expiration dates from June 30, 2023 to May 15, 2030. The Organization is also liable for certain real estate tax increases and operating cost adjustments under the office lease terms.

The minimum annual operating non-cancelable lease commitments on property for the Organization are as follows:

Year ended December 31:	
2020	\$ 462,355
2021	594,763
2022	615,554
2023	500,772
2024	374,564

Rent expense for the year ended December 31, 2019 was \$369,769.

#### (5) Employee Benefits

The Organization has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b)(7) of the IRC for the benefit of eligible employees. After a waiting period of three months, all full-time employees may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. The employer is not required to match and therefore has not incurred any expense.

**ROOM TO GROW NATIONAL, INC**

Notes to Financial Statements

December 31, 2019

**(6) Special Events**

The Organization had special events in Boston and New York. The special events for the year ended December 31, 2019 are summarized as follows:

Gross revenue	\$ 1,154,200
Less: expenses with a direct benefit to donors	<u>(205,187)</u>
	949,013
Less: other event expenses	<u>(105,385)</u>
Net income from special events	<u>843,628</u>

**(7) Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of December 31, 2019, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for a specified purpose:	
Specified for projects	\$ 865,550
Subject to the passage of time:	
For periods after December 31, 2019	\$ <u>2,863,000</u>
Total net assets with donor restrictions	\$ <u>3,728,550</u>

# ROOM TO GROW NATIONAL, INC

## Notes to Financial Statements

December 31, 2019

### (8) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date.

Financial assets at year-end:

Cash and cash equivalents	\$ 2,990,032
Pledges receivable, net	2,090,980
Investments	<u>5,216,774</u>
Total	\$ <u>10,297,786</u>

Less amounts unavailable for general expenditures within one year, due to:

Restricted by donors for specific purposes	\$ 865,550
Restricted by donors for passage of time	<u>1,050,000</u>
Total	\$ <u>1,915,550</u>

Financial assets available to meet cash needs for general expenditures within one year	\$ <u>8,382,236</u>
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The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

## **ROOM TO GROW NATIONAL, INC**

### Notes to Financial Statements

December 31, 2019

#### **(9) Subsequent Events**

The Organization has performed an evaluation of subsequent events through October 1, 2020, which is the date the Organization's financial statements were available to be issued. No material subsequent events, other than the items disclosed below, have occurred since December 31, 2019 that required recognition or disclosure in these financial statements.

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenues and other material adverse effects to the Organization's financial position, results of operations, and cash flows. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Company may have to seek alternative measures to finance its operations. There is no assurance these measures will be successful.

Subsequent to year end, the Company applied for and received a Small Business Administration (SBA) Paycheck Protection Program loan (PPP) in the amount of \$370,144. The PPP loan bears interest at 1% and allows for forgiveness based on conditions as outlined by the SBA.