

**ROOTED WI, INC.**

**FINANCIAL STATEMENTS  
WITH CONSOLIDATING INFORMATION**

December 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rooted WI, Inc.  
Madison, Wisconsin

We have audited the accompanying financial statements of Rooted WI, Inc., which comprise the consolidated statement of financial position as of December 31, 2020, the related consolidated 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.

### ***Auditor's 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 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.

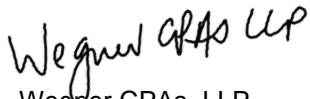
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rooted WI, Inc. as of December 31, 2020, 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.

**Report on Consolidating Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis of the financial statements rather than to present the financial position and changes in net assets of the individual entities, and they are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the financial statements as a whole.



Wegner CPAs, LLP  
Madison, Wisconsin  
September 10, 2021

**ROOTED WI, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
December 31, 2020

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<b>ASSETS</b>	
Cash	\$ 3,905,185
Accounts receivable	16,991
Unconditional promises to give	149,459
Prepaid expenses	7,658
Furniture and equipment, net	113,255
Intangible assets, net	-
Beneficial interest in assets held by Madison Community Foundation	132,480
Land held in trust	88,200
	<u>88,200</u>
<b>Total assets</b>	<b>\$ 4,413,228</b>
	<u>4,413,228</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 53,389
Accrued payroll	23,109
Deferred revenue	7,303
Notes payable	178,616
	<u>178,616</u>
Total liabilities	262,417
<b>NET ASSETS</b>	
Without donor restrictions	3,907,276
With donor restrictions	243,535
	<u>243,535</u>
Total net assets	4,150,811
	<u>4,150,811</u>
<b>Total liabilities and net assets</b>	<b>\$ 4,413,228</b>
	<u>4,413,228</u>

See accompanying notes.

**ROOTED WI, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2020

<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	
<b>REVENUES</b>	
Contributions	
Contributions	\$ 747,923
Paycheck Protection Program income	188,600
Loan forgiveness	1,904,000
Contribution received from Community Groundworks, Inc.	337,928
Program and other revenues	
Rent and other income	78,405
Fees for services	43,448
Farm income	145,002
Gardens income	25,136
Interest income	43,201
Change in value of beneficial interest in assets held by Madison Community Foundation	<u>8,216</u>
 Total revenues without donor restrictions	 3,521,859
 <b>EXPENSES</b>	
Program services	
Youth and school gardens	197,959
Farm	243,816
Farm to school	262,888
Lands and gardens	146,590
Center CLT innovation	34,398
RRC programming	410,862
Supporting activities	
Management and general	431,225
Fundraising	<u>85,515</u>
 Total expenses	 1,813,253
 Loss on sale of building	 <u>977,460</u>
 Total expenses and losses	 2,790,713
 <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	
Satisfaction of program restrictions	<u>120,778</u>
 Change in net assets without donor restrictions	 851,924
 <b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>	
Contributions	142,452
Net assets released from restrictions	<u>(120,778)</u>
 Change in net assets with donor restrictions	 <u>21,674</u>
 <b>Change in net assets</b>	 873,598
 Net assets at beginning of the year	 <u>3,277,213</u>
 <b>Net assets at end of year</b>	 <u><u>\$ 4,150,811</u></u>

See accompanying notes.

**ROOTED WI, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2020

	Program Services					Supporting Activities			Total Expenses
	Youth and School Gardens	Farm	Farm To School	Land and Gardens	Center CLT Innovation	RRC Programming	Management and General	Fundraising	
Personnel	\$ 166,499	\$ 137,922	\$ 219,481	\$ 88,273	\$ -	\$ 98,141	\$ 119,125	\$ 47,343	\$ 876,784
Interest and financing	-	-	-	236	-	132,593	82,278	4,514	219,621
Property development and management	-	-	-	-	-	15,158	9,974	1,108	26,240
Professional services	-	-	-	-	-	-	88,770	13,900	102,670
Donations	-	-	-	-	20,401	-	-	-	20,401
Supplies	5,850	46,558	2,935	16,732	773	4,669	557	-	78,074
Facilities and equipment	6,188	17,328	6,629	11,653	-	62,581	51,468	6,710	162,557
Office and farm operations	5,133	11,406	4,376	5,857	1,128	8,118	19,268	5,177	60,463
Travel and meetings	707	-	306	857	-	60	12	-	1,942
Subcontracts	8,600	2,824	19,185	15,958	9,071	2,354	-	-	57,992
Education and outreach	1,304	704	1,308	901	-	-	6,079	404	10,700
Printing and publications	251	337	3,348	298	3,025	6,198	810	99	14,366
Insurance	2,002	3,096	5,320	1,384	-	12,465	6,983	1,300	32,550
Events	-	-	-	2,869	-	-	-	-	2,869
Other	-	-	-	-	-	-	1,262	-	1,262
<b>Total expenses before depreciation</b>	<b>196,534</b>	<b>220,175</b>	<b>262,888</b>	<b>145,018</b>	<b>34,398</b>	<b>342,337</b>	<b>386,586</b>	<b>80,555</b>	<b>1,668,491</b>
Depreciation	1,425	23,641	-	1,572	-	68,525	44,639	4,960	144,762
<b>Total expenses</b>	<b>\$ 197,959</b>	<b>\$ 243,816</b>	<b>\$ 262,888</b>	<b>\$ 146,590</b>	<b>\$ 34,398</b>	<b>\$ 410,862</b>	<b>\$ 431,225</b>	<b>\$ 85,515</b>	<b>\$ 1,813,253</b>

See accompanying notes.

**ROOTED WI, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2020

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 873,598
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	144,762
Forgiveness of debt	(1,904,000)
Assumption of debt	6,288
Donated furniture and equipment	(157,560)
Loss on sale of building	977,460
Cash received from acquisition of Community Groundworks, Inc.	(186,656)
Change in value of beneficial interest in assets held by Madison Community Foundation	(8,216)
Change in assets and liabilities	
Prepaid expenses	(4,637)
Accounts receivable	(16,023)
Unconditional promises to give	(133,554)
Accounts payable	29,722
Accrued payroll	23,109
Accrued interest	71,350
Deferred revenue	1,430
	(282,927)
Net cash flows from operating activities	(282,927)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of furniture and equipment	(14,109)
Proceeds from building sale	3,726,875
Distributions from beneficial interest in assets held by Madison Community Foundation	4,928
Cash received from acquisition of Community Groundworks, Inc.	186,656
	3,904,350
Net cash flows from investing activities	3,904,350

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from notes payable	173,900
Proceeds from lines of credit	89,810
Payments on lines of credit	(139,810)
Payments on notes payable	(22,242)
	101,658
Net cash flows from financing activities	101,658

**Net change in cash**

3,723,081

Cash at beginning of year

182,104

**Cash at end of year**

\$ 3,905,185

See accompanying notes.



**ROOTED WI, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Rooted WI, Inc. (Rooted WI) is committed to collaborations rooted in food, land, and learning. Rooted WI evolved from a desire to merge the strengths of two vibrant Madison organizations—Center for Resilient Cities (CRC) and Community GroundWorks, Inc. (CGW)—committed to enabling people to grow and thrive in healthy, equitable, and sustainable neighborhoods. Rooted WI’s programs are devoted to increasing equitable access to land, fresh food, and learning opportunities in Madison and throughout Wisconsin.

Effective January 1, 2020, CGW was acquired by CRC and the name was changed to Rooted WI, Inc. Rooted WI continues to operate the same programs, but under its new name. CGW ceased to exist as a separate corporation as of January 1, 2020.

In April 2014, the Resilience Research Center, Inc. (“RRC”, a non-profit corporation) was incorporated. On May 29, 2014, the RRC purchased all interests in the Badger Resilience Research Center, LLC (“BRRC”) from Center for Resilient Cities. Interests included land, a building, its contents, pledges of operating support, and other receivables. All activity related to the BRRC flowed through RRC until December 29, 2020, the date that the building was sold to Madison Metropolitan School District. Effective January 1, 2021, RRC dissolved and discontinued operations as a separate organization from Rooted WI.

**Principles of Consolidation**

The financial statements include the accounts of Rooted WI and its wholly owned subsidiaries, RRC and Johnsons Park Development, LLC. All material intra-entity transactions have been eliminated.

**Accounts Receivable**

Accounts receivable primarily represent amounts due from businesses and organizations for services provided by and goods sold by Rooted WI. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of December 31, 2020, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All unconditional promises to give are due within one year.

**ROOTED WI, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Furniture and Equipment**

Rooted WI capitalizes all expenditures for furniture and equipment in excess of \$3,000. Furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

**Beneficial Interest in Assets Held by Madison Community Foundation**

Rooted WI's beneficial interest in assets held by Madison Community Foundation represents an agreement between Rooted WI and the Foundation in which Rooted WI transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to Rooted WI by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

**Contributions**

Contributions received are recorded as increases in net assets without donor restriction or net assets with donor restrictions depending on the existence of any donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Rooted WI receives grants from government agencies and others that are conditioned upon Rooted WI incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by Rooted WI, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

**Program Service Revenues**

Program service revenues, include farm income, gardens income, and fees for service. These services are generally considered to be a single performance obligation that is satisfied at a point in time and revenue is recognized when the service is provided. It is the policy of Rooted WI not to refund these fees. Rooted WI also provides services to organizations (including rent) under contracts that are renewed annually. Revenue is recognized over the period of the contract on a straight-line basis. Rooted WI invoices the organizations for the agreed-upon price on a monthly basis. Cash received in advance of a service is included in deferred revenue on the consolidated statement of financial position.

**ROOTED WI, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Income Tax Status**

Rooted WI and RRC are both exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Johnsons Park Development, LLC is treated as a disregarded entity for federal income tax purposes and information pertaining to its finances and operations is reported on Rooted WI's federal exempt organization returns.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that can be directly identified with a specific function are directly charged to that function. Expenses relating to more than one function are allocated on the basis of estimates of time and effort. Certain personnel, interest and financing, property development and management, facilities and equipment, office and farm operations, education and outreach, printing and publications, insurance, and depreciation expenses are allocated on the basis of estimates of time and effort.

Rooted WI's programs consist of the following:

*Youth and School Gardens*—participants will learn about the special characteristics of urban food production, including the distribution and marketing of urban-grown food, post-harvest processing and storage, remediation of urban soils, relevant policy issues, and more. This breadth of training can prepare participants for a wide range of careers and service opportunities including and beyond farming, such as starting food businesses, working for nonprofit organizations engaged in food systems work, horticultural therapy, school gardens, environmental education, and even the Peace Corps.

*Farm*—program includes Beginning Farmer Training, Community Supported Agriculture, Farm Stand, and selling wholesale field crops, cut herbs, and sprouts to a small number of local grocery stores.

*Farm to School*—formed around the Farm to Early Care and Education (ECE) program. Farm to ECE is a natural extension of farm to school that offers increased access to healthy, local foods, gardening opportunities, and food-based activities to enhance the educational experience in all types of ECE settings (e.g. preschools, child care centers, family child care homes, Head Start/Early Head Start, and programs in K-12 school districts).

*Land and Gardens*—includes management of Troy Gardens and the Gardens Network. *Troy Gardens Farm and Gardens* consists of 26 acres of open space land for community-based food

**ROOTED WI, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

production and natural areas restoration management. Programs are developed in order to fulfill the organization's goals of developing the land in a sustainable manner, improving food security for Madison's Northside residents, and providing educational programs on gardening, natural areas restoration, food preparation, nutrition, and environmental education. *The Gardens Network* is a collaborative partnership between Rooted WI, Dane County UW-Extension, and the City of Madison. The partnership fosters community gardening and greening in Madison and Dane County. It functions as a connector of resources for gardeners and garden leaders, organizations, municipalities, initiatives, and programs working on community food issues. Various other activities include offerings of Workshops, Courses, Field Trips, and Tours; and the Capital Vegetable Garden on Madison's Capital Square.

*Resilience Research Center*—RRC owns the Badger Rock Center building, which has transformed a vacant lot and abandoned school building located on the south side of Madison, Wisconsin, into a new building constructed to LEED Platinum standards that includes a neighborhood center with productive urban agriculture and a project-based charter middle school as collaborative partners and tenants. The building serves as a multi-generational neighborhood hub for socializing, learning, training, research, and healthy resilient living. The Badger Rock Neighborhood Center offers monthly CommUNITY dinners (average attendance 150 people; highest attendance 300 people) and provides space for community events, including serving as the neighborhood polling place (voter turnout above 90% in presidential elections), gatherings, and enriching programming for all ages.

*Center CLT Innovation*—a not-for-profit established to promote and to support community land trusts and similar strategies of community-led development on community-owned land in countries throughout the world. Rooted WI served as a fiscal sponsor for this organization.

**Date of Management's Review**

Management has evaluated subsequent events through September 10, 2021, the date which the financial statements were available to be issued.

**Paycheck Protection Program**

Rooted WI received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Rooted WI has met the PPP's eligibility criteria and believes the loan is, in substance, a grant that has been forgiven. Rooted WI recognizes amounts forgiven as revenue when it incurs qualifying expenses.

NOTE 2—CONDITIONAL PROMISES TO GIVE

Rooted WI has several grants that are conditioned upon Rooted WI incurring qualifying expenses for the programs. At December 31, 2020, these conditional promises to give totaled approximately \$171,000. These conditional promises to give will be recognized as revenue when the respective conditions are met in future years.

**ROOTED WI, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 3—FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following:

Furniture and equipment	\$ 163,173
Less accumulated depreciation	<u>(49,918)</u>
Furniture and equipment, net	<u>\$ 113,255</u>

NOTE 4—INTANGIBLE ASSETS

Intangible assets consist of the following:

Website redesign	\$ 31,500
Less accumulated amortization	<u>(31,500)</u>
Intangible assets, net	<u>\$ -</u>

NOTE 5—NOTES PAYABLE AND LINES OF CREDIT

Rooted WI has a \$50,000 line of credit, which did not have an outstanding balance at December 31, 2020. Advances on the credit line are payable in a single principal payment at maturity plus monthly interest payments. The credit line carries an interest rate of 1% over prime and shall not be less than 5%. The line matures on July 22, 2022 and is secured by a GBSA.

Notes payable at December 31, 2020 consisted of Economic Impact Disaster Loans of \$20,000 and \$153,900 to Rooted WI and RRC. Installment payments, including principal and interest, of \$86 and \$641, due monthly, were set to begin in 2021, with the balance of principal and interest payable 30 years from the dates of the promissory notes. Rooted WI fully paid off both notes in January 2021.

Notes payable at December 31, 2020 also consisted of a sidewalk assessment on land utilized by Rooted WI. The note is to be repaid over a fifteen-year period from the beginning of 2009 through the end of 2023. The note's balance at December 31, 2020 was \$4,751, and an interest rate of 5% is charged on the outstanding balance. The note requires annual principal payments of \$1,583 for the next three years.

NOTE 6—RETIREMENT PLAN

Rooted offers all employees the opportunity to contribute to a 401(k) plan. Employees who work at least 20 hours per week on average will be eligible for a 1% employer match the quarter following their one year anniversary date. This match is subject to change on an annual basis. Retirement expense for the year ended December 31, 2020 was \$3,443.

**ROOTED WI, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 7—NET ASSETS

Rooted WI's board of directors has chosen to designate the funds held at Madison Community Foundation totaling \$132,480 at December 31, 2020.

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Farm to school	\$ 86,775
Raised beds	10,000
Garden networks	6,460
Early education	25,992
Urban agriculture	20,000
Other	<u>6,108</u>
	155,335
Not subject to appropriation or expenditure:	
James and Mildred Green Community Garden Land held in trust	<u>88,200</u>
Total net assets with donor restrictions	<u><u>\$ 243,535</u></u>

NOTE 8—ENDOWMENT

At December 31, 2020, Rooted WI's board of directors has designated \$132,480 of net assets without donor restrictions as general endowment funds to support the mission of Rooted WI. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

Rooted WI established funds at the Madison Community Foundation to invest its endowment assets. The agreement between Rooted WI and the Foundation states that the transfer of assets is irrevocable and that the transferred assets will not be returned to Rooted WI. However, the Foundation will make annual distributions of the income earned on the funds subject to the Foundation's spending policy. The agreement also grants variance power to the Foundation, which permits the Foundation to substitute another beneficiary in place of Rooted WI if Rooted WI ceases to exist or if the Foundation's board of governors votes that support of Rooted WI either is no longer necessary or is inconsistent with the needs of the community.

The Foundation's primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. The Foundation seeks to achieve this goal through cost-effective implementation at an appropriate level of risk, diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including nonmarketable, illiquid alternatives.

**ROOTED WI, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 8—ENDOWMENT (continued)

Composition of and changes in endowment net assets for the year ended December 31, 2020 was as follows:

Beginning balance	\$ 129,192
Distributions	(4,928)
Change in value of beneficial interest	8,216
Ending balance	\$ 132,480

NOTE 9—DESCRIPTION OF LEASING ARRANGEMENTS

Rooted WI leases office and program space under noncancelable operating leases that expire at various dates through December 2030. Rent expense for the year ended December 31, 2020 was \$29,973. Future minimum lease payments for the years ending December 31, 2021, 2022, 2023, 2024, 2025, and thereafter are \$58,173, \$58,761, \$59,366, \$41,868, \$43,113, and \$232,289.

NOTE 10—LIQUIDITY AND AVAILABILITY

The table below reflects Rooted WI's financial assets as of the date of the consolidated statement of financial position reduced by amounts not available for general expenditures within one year of the date of the consolidated statement of financial position:

Cash	\$ 3,905,185
Accounts receivable	16,991
Unconditional promises to give	149,459
Beneficial interest in assets held by Madison Community Foundation	132,480
Financial assets at year end	\$ 4,071,635
Less those unavailable for general expenditures within one year:	
Board designated net assets	132,480
Restricted by donors with purpose restrictions	155,335
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,783,820

To help manage unanticipated liquidity needs, Rooted WI has a committed line of credit in the amount of \$50,000. As part of Rooted WI'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.

**ROOTED WI, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 11—SUPPLEMENTAL CASH FLOW DISCLOSURES

Supplemental cash flow disclosures at December 31, 2020 are as follows:

Cash paid for interest	\$ 706,321
Noncash investing and financing activities:	
Noncash loan payoff from building sale proceeds	2,638,465
Forgiveness of debt	1,904,000
Assumption of debt	6,288
Assumption of furniture and equipment	157,560

NOTE 12—ACQUISITION

Recognized amounts of identifiable assets acquired and liabilities assumed from CRC's acquisition of CGW include the following:

Financial assets	\$ 201,751
Property and equipment	157,560
Other assets	6,920
Financial liabilities	(22,015)
Notes payable	<u>(6,288)</u>
 Contribution received in donation of Community Groundworks, Inc.	 <u>\$ 337,928</u>

NOTE 13—PAYCHECK PROTECTION PROGRAM

On April 22, 2020, Rooted WI received a \$188,600 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). Rooted WI accounts funds received under the PPP as a grant conditioned upon Rooted WI incurring qualifying expenses. Prior to December 31, 2020, Rooted WI incurred \$188,600 of qualifying expenses, recognized the grant assistance as a contribution, and applied for forgiveness. On December 11, 2020, the SBA preliminarily approved forgiveness of the loan.

Rooted WI must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review Rooted WI's good-faith certification concerning the necessity of its loan request, whether Rooted WI calculated the loan amount correctly, whether Rooted WI used loan proceeds for the allowable uses specified in the CARES Act, and whether Rooted WI is entitled to loan forgiveness in the amount claimed on its application. If SBA determines Rooted WI was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of funds.



**ROOTED WI, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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**NOTE 14—EFFECTS OF THE COVID-19 PANDEMIC**

Rooted WI's operations may be affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on Rooted WI is uncertain; however, it may result in a material adverse impact on Rooted WI's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to Rooted WI's donors and revenues, absenteeism in Rooted WI's workforce, unavailability of supplies used in Rooted WI's programs, and a decline in value of assets held by Rooted WI.

**NOTE 15—NEW MARKET TAX CREDIT AND BUILDING SALE**

As a result of RRC's New Market Tax Credit (NMTC) unwinding in October 2020, Rooted's note receivable from GWOFF of \$4,956,000 was received and RRC's note payable to GWOFF for \$4,956,000 was satisfied. In addition, RRC's note payable to GWOFF for \$1,904,000 was forgiven.

After the NMTC unwind, RRC sold BRRC to Madison Metropolitan School District on December 29, 2020 for \$6,400,000.

**ROOTED WI, INC.**  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
December 31, 2020

	Rooted WI, Inc.	Resilience Research Center, Inc.	Eliminations	Consolidated Totals
<b>ASSETS</b>				
Cash	\$ 3,805,540	\$ 99,645	\$ -	\$ 3,905,185
Accounts receivable	16,981	10	-	16,991
Unconditional promises to give	149,459	38,696	(38,696)	149,459
Prepaid expenses	7,608	50	-	7,658
Furniture and equipment, net	113,255	-	-	113,255
Intangible assets, net	-	-	-	-
Beneficial interest in assets held by Madison Community Foundation	132,480	-	-	132,480
Land held in trust	88,200	-	-	88,200
<b>Total assets</b>	<b>\$ 4,313,523</b>	<b>\$ 138,401</b>	<b>\$ (38,696)</b>	<b>\$ 4,413,228</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 32,135	\$ 59,950	\$ (38,696)	\$ 53,389
Accrued payroll	23,109	-	-	23,109
Deferred revenue	6,978	325	-	7,303
Notes payable	178,616	-	-	178,616
<b>Total liabilities</b>	<b>240,838</b>	<b>60,275</b>	<b>(38,696)</b>	<b>262,417</b>
<b>NET ASSETS</b>				
Without donor restrictions	3,829,150	78,126	-	3,907,276
With donor restrictions	243,535	-	-	243,535
<b>Total net assets</b>	<b>4,072,685</b>	<b>78,126</b>	<b>-</b>	<b>4,150,811</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,313,523</b>	<b>\$ 138,401</b>	<b>\$ (38,696)</b>	<b>\$ 4,413,228</b>

**ROOTED WI, INC.**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
Year Ended December 31, 2020

	Rooted WI, Inc.	Resilience Research Center, Inc.	Eliminations	Consolidated Totals
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
<b>REVENUE</b>				
Contributions				
Contributions	\$ 1,762,948	\$ 129,787	\$ (1,144,812)	\$ 747,923
Paycheck Protection Program income	188,600	-	-	188,600
Loan forgiveness	-	2,057,900	(153,900)	1,904,000
Contribution received from Community Groundworks, Inc.	337,928	-	-	337,928
Program and other revenues				
Rent and other income	1,279	91,451	(14,325)	78,405
Fees for services	43,448	-	-	43,448
Farm income	145,002	-	-	145,002
Gardens income	25,136	-	-	25,136
Interest income	43,194	7	-	43,201
Change in value of beneficial interest in assets held by Madison Community Foundation	8,216	-	-	8,216
Total revenue without donor restrictions	2,555,751	2,279,145	(1,313,037)	3,521,859
<b>EXPENSES</b>				
Personnel	776,088	100,696	-	876,784
Interest and financing	112,733	106,888	-	219,621
Property development and management	-	26,240	-	26,240
Professional services	74,881	27,789	-	102,670
Donations	174,301	1,144,812	(1,298,712)	20,401
Supplies	78,074	-	-	78,074
Facilities and equipment	52,495	124,387	(14,325)	162,557
Office and farm operations	52,024	8,439	-	60,463
Travel and meetings	1,942	-	-	1,942
Subcontracts	57,992	-	-	57,992
Education and outreach	10,700	-	-	10,700
Printing and publications	14,366	-	-	14,366
Insurance	18,167	14,383	-	32,550
Events	2,869	-	-	2,869
Other	1,262	-	-	1,262
Total expenses before depreciation	1,427,894	1,553,634	(1,313,037)	1,668,491
Depreciation	27,319	117,443	-	144,762
Total expenses	1,455,213	1,671,077	(1,313,037)	1,813,253
Loss (gain) on sale of building	34,218	(1,265,485)	2,208,727	977,460
Total expenses and losses	1,489,431	405,592	895,690	2,790,713
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Satisfaction of program restrictions	120,778	-	-	120,778
Change in net assets without donor restrictions	1,187,098	1,873,553	(2,208,727)	851,924
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	142,452	-	-	142,452
Net assets released from restrictions	(120,778)	-	-	(120,778)
Change in net assets with donor restrictions	21,674	-	-	21,674
<b>Change in net assets</b>	1,208,772	1,873,553	(2,208,727)	873,598
Net assets at beginning of the year	2,863,913	(1,795,427)	2,208,727	3,277,213
<b>Net assets at end of year</b>	<b>\$ 4,072,685</b>	<b>\$ 78,126</b>	<b>\$ -</b>	<b>\$ 4,150,811</b>