

ROOTED WI, INC.
FINANCIAL STATEMENTS
December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Rooted WI, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rooted WI, Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rooted WI, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rooted WI, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rooted WI, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rooted WI, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
June 3, 2022

ROOTED WI, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS	
Cash	\$ 3,096,463
Accounts receivable	26,656
Unconditional promises to give	136,283
Prepaid expenses	15,394
Furniture and equipment, net	119,589
Beneficial interest in assets held by Madison Community Foundation	150,701
Land held in trust	<u>88,200</u>
Total assets	<u><u>\$ 3,633,286</u></u>
LIABILITIES	
Accounts payable	\$ 23,287
Accrued payroll	28,319
Deferred revenue	<u>2,565</u>
Total liabilities	54,171
NET ASSETS	
Without donor restrictions	3,409,956
With donor restrictions	<u>169,159</u>
Total net assets	<u><u>3,579,115</u></u>
Total liabilities and net assets	<u><u>\$ 3,633,286</u></u>

See accompanying notes.

ROOTED WI, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

REVENUES

Contributions	\$ 611,224
Program and other revenues	
Farm income	155,222
Fees for services	54,711
Gardens income	25,187
Rent	7,910
Other income	701
Interest income	772
Change in value of beneficial interest in assets held by Madison Community Foundation	23,268
Total revenues without donor restrictions	878,995

EXPENSES

Program services	
Youth and school gardens	99,627
Farm	303,746
Farm to school	166,118
Land and gardens	320,007
Pasture and Plenty	12,500
Badger Rock Neighborhood Center	211,824
Supporting activities	
Management and general	302,316
Fundraising	72,053
Total expenses	1,488,191

NET ASSETS RELEASED FROM RESTRICTIONS

Satisfaction of program restrictions	111,876
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Change in net assets without donor restrictions (497,320)

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Contributions	37,500
Net assets released from restrictions	(111,876)

Change in net assets with donor restrictions (74,376)

Change in net assets (571,696)

Net assets at beginning of the year 4,150,811

Net assets at end of year \$ 3,579,115

See accompanying notes.

ROOTED WI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services					Supporting Activities		Total Expenses	
	Youth and School Gardens	Farm	Farm To School	Land and Gardens	Pasture and Plenty	Badger Rock Neighborhood Center	Management and General		Fundraising
Personnel	\$ 71,912	\$ 191,386	\$ 122,740	\$ 237,430	\$ -	\$ 123,262	\$ 202,850	\$ 68,733	\$ 1,018,313
Interest and financing	-	-	-	-	-	-	651	-	651
Professional services	-	-	-	1,800	-	2,001	66,156	-	69,957
Donations	-	-	-	-	-	2,400	-	-	2,400
Supplies	8,798	47,410	1,250	17,651	-	7,806	-	-	82,915
Facilities and equipment	3,156	18,758	-	21,221	-	50,425	1,971	-	95,531
Office and farm operations	2,453	15,567	6,633	13,713	-	6,627	12,187	2,157	59,337
Travel and meetings	1,951	2,280	133	383	-	63	-	-	4,810
Subcontracts	10,327	1,651	29,531	20,836	12,500	14,712	-	-	89,557
Education and outreach	490	973	660	2,144	-	634	1,727	647	7,275
Printing and publications	540	2,007	5,171	1,783	-	2,236	1,387	516	13,640
Insurance	-	-	-	-	-	187	14,662	-	14,849
Events	-	-	-	657	-	780	-	-	1,437
Other	-	-	-	-	-	10	725	-	735
Depreciation	-	23,714	-	2,389	-	681	-	-	26,784
Total expenses	\$ 99,627	\$ 303,746	\$ 166,118	\$ 320,007	\$ 12,500	\$ 211,824	\$ 302,316	\$ 72,053	\$ 1,488,191

See accompanying notes.

ROOTED WI, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (571,696)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	26,784
Change in value of beneficial interest in assets held by Madison Community Foundation	(23,268)
Change in assets and liabilities	
Accounts receivable	(9,665)
Unconditional promises to give	13,176
Prepaid expenses	(7,736)
Accounts payable	(30,102)
Accrued payroll	5,210
Deferred revenue	(4,738)
	(602,035)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of furniture and equipment	(33,118)
Distributions from beneficial interest in assets held by Madison Community Foundation	5,047
	(28,071)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on notes payable	(178,616)
	(178,616)
Net change in cash	(808,722)
Cash at beginning of year	3,905,185
Cash at end of year	\$ 3,096,463
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash payments for interest	\$ 651

See accompanying notes.

ROOTED WI, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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. Rooted WI is primarily funded by contributions and program revenues.

In April 2014, the Resilience Research Center, Inc. (“RRC”, a non-profit corporation) was incorporated. On May 29, 2014, 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 and all RRC’s assets were transferred to Rooted WI.

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, 2021, 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, 2021

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 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 Revenues

Program 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 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 statement of financial position.

ROOTED WI, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

Rooted WI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

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, facilities and equipment, office and farm operations, education and outreach, printing and publications, 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).

ROOTED WI, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Through the *AmeriCorps Farm to School Program*, Rooted WI provides schools with planning, development, and staffing for school gardens, that grow school gardens and as a food source for the school community. The program also provides other Farm to School (F2S) opportunities including garden-based and nutrition lessons and visits with local farmers.

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 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.

Pasture and Plenty—Rooted WI served as fiscal agent for charitable donations to Pasture and Plenty, an entity that is providing Black Excellence Virtual Cooking Classes + Meal Kits for African-American students in the Madison Metropolitan School District.

Badger Rock Neighborhood Center—The Badger Rock Neighborhood Center (BRNC) serves as a multi-generational neighborhood hub for socializing, learning, training, research, and healthy resilient living. The 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. BRNC also offers gardening and culinary education to Badger Rock Middle School students and families. Rooted WI staff also operate an onsite educational farm, school gardens, a food forest, and manage 46 community garden plots.

Date of Management's Review

Management has evaluated subsequent events through June 3, 2022, 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.

ROOTED WI, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021, these conditional promises to give totaled approximately \$413,000. These conditional promises to give will be recognized as revenue when the respective conditions are met in future years.

NOTE 3—FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following:

Furniture and equipment	\$ 196,291
Less accumulated depreciation	<u>(76,702)</u>
Furniture and equipment, net	<u><u>\$ 119,589</u></u>

NOTE 4—LINE OF CREDIT

Rooted WI has a \$50,000 line of credit, which did not have an outstanding balance at December 31, 2021. 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.

NOTE 5—RETIREMENT PLAN

Rooted WI 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, 2021 was \$3,934.

NOTE 6—NET ASSETS

Rooted WI's board of directors has chosen to designate the funds held at Madison Community Foundation as general endowment funds totaling \$150,701 at December 31, 2021.

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

Subject to expenditure for specified purpose:	
Youth education programs	\$ 27,500
Raised beds	857
Early education	42,602
Urban agriculture	<u>10,000</u>
	80,959
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>\$ 169,159</u></u>

ROOTED WI, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7—ENDOWMENT

At December 31, 2021, Rooted WI's board of directors has designated \$150,701 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.

The composition of and changes in endowment net assets for the year ended December 31, 2021 was as follows:

Beginning balance	\$ 132,480
Distributions	(5,047)
Change in value of beneficial interest	<u>23,268</u>
Ending balance	<u><u>\$ 150,701</u></u>

NOTE 8—DESCRIPTION OF LEASING ARRANGEMENTS

Rooted WI leases office and program space under noncancelable operating leases that expire at various dates through December 2030. Rooted WI also rents several storage units on a month-to-month basis. Rent expense for the year ended December 31, 2021 was \$70,716. Future minimum lease payments for the years ending December 31, 2022, 2023, 2024, 2025, 2026, and thereafter are \$58,761, \$59,366, \$48,168, \$49,602, \$51,708, and \$216,695.

ROOTED WI, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9—LIQUIDITY AND AVAILABILITY

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

Cash	\$ 3,096,463
Accounts receivable	26,656
Unconditional promises to give	136,283
Beneficial interest in assets held by Madison Community Foundation	<u>150,701</u>
Financial assets at year end	\$ 3,259,402
Less those unavailable for general expenditures within one year:	
Board designated net assets	150,701
Restricted by donors with purpose restrictions	<u>80,959</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,027,742</u></u>

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.

NOTE 10—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. 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.