

**EISNERAMPER**

**SMILE FARMS, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



# SMILE FARMS, INC.

## Contents

	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	1 - 2
<b>Financial Statements</b>	
Statements of financial position as of December 31, 2021 and 2020	3
Statements of activities and changes in net assets for the years ended December 31, 2021 and 2020	4
Statements of functional expenses for the years ended December 31, 2021 and 2020	5 - 6
Statements of cash flows for the years ended December 31, 2021 and 2020	7
Notes to the financial statements	8 - 14

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Smile Farms, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Smile Farms, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Smile Farms, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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*

The Organization's 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.

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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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## ***Auditors' 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 auditors' 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 the Organization'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 the Organization'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.

*EisnerAmper LLP*

EISNERAMPER LLP  
Philadelphia, Pennsylvania  
November 18, 2022



**SMILE FARMS, INC.****Statements of Financial Position**

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash	\$ 442,953	\$ 236,014
Investments	144,866	144,848
Contributions receivable	164,447	42,875
Prepaid expenses	-	50,638
	<b>752,266</b>	<b>474,375</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 192,082	\$ 114,394
<b>NET ASSETS</b>		
Without donor restrictions	560,184	334,981
With donor restrictions	-	25,000
	<b>560,184</b>	<b>359,981</b>
Total net assets	<b>\$ 752,266</b>	<b>\$ 474,375</b>

See notes to the financial statements.

**SMILE FARMS, INC.**

**Statements of Activities and Changes in Net Assets**

	Year Ended December 31,					
	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Support and revenue:</b>						
Contributions	\$ 303,162	\$ -	\$ 303,162	\$ 185,489	\$ 25,000	\$ 210,489
Special event income, net of direct benefit to donors of \$474,010 in 2021 and \$110,235 in 2020	525,855	-	525,855	407,741	-	407,741
In-kind contributions	37,126	-	37,126	143,424	-	143,424
Investment income	40	-	40	812	-	812
Other income	17	-	17	-	-	-
Net assets released from restrictions	25,000	(25,000)	-	-	-	-
<b>Total support and revenue</b>	<b>891,200</b>	<b>(25,000)</b>	<b>866,200</b>	<b>737,466</b>	<b>25,000</b>	<b>762,466</b>
<b>Expenses:</b>						
Program services:						
Farm campuses	490,712	-	490,712	375,329	-	375,329
Supporting services:						
Management and general	109,661	-	109,661	104,642	-	104,642
Fundraising	65,624	-	65,624	156,988	-	156,988
<b>Total expenses</b>	<b>665,997</b>	<b>-</b>	<b>665,997</b>	<b>636,959</b>	<b>-</b>	<b>636,959</b>
<b>Change in net assets</b>	<b>225,203</b>	<b>(25,000)</b>	<b>200,203</b>	<b>100,507</b>	<b>25,000</b>	<b>125,507</b>
Net assets at beginning of year	334,981	25,000	359,981	234,474	-	234,474
<b>Net assets at end of year</b>	<b>\$ 560,184</b>	<b>\$ -</b>	<b>\$ 560,184</b>	<b>\$ 334,981</b>	<b>\$ 25,000</b>	<b>\$ 359,981</b>

See notes to the financial statements.

**SMILE FARMS, INC.**

**Statement of Functional Expenses  
Year Ended December 31, 2021**

	Program Services	Supporting Services		Total
	Farm Campuses	Management and General	Fundraising	
<b>Salaries</b>	\$ 166,902	\$ 23,843	\$ 47,686	\$ 238,431
<b>Employee benefits and payroll taxes</b>	21,692	3,099	6,198	30,989
<b>Total salaries and related expenses</b>	<b>188,594</b>	<b>26,942</b>	<b>53,884</b>	<b>269,420</b>
<b>Grants</b>	257,105	-	-	257,105
<b>Professional services</b>	-	44,372	5,000	49,372
<b>Subscriptions and fees</b>	-	22,163	1,659	23,822
<b>Insurance</b>	-	7,081	-	7,081
<b>Travel</b>	-	2,340	-	2,340
<b>Meals</b>	-	1,816	-	1,816
<b>Supplies and materials</b>	7,887	1,100	-	8,987
<b>Printing and postage</b>	-	127	1,086	1,213
<b>Other</b>	-	3,720	3,995	7,715
<b>In-kind donations:</b>				
Materials and equipment	37,126	-	-	37,126
<b>Total expenses included in the expense section on the statements of activities and changes in net assets</b>	<b>490,712</b>	<b>109,661</b>	<b>65,624</b>	<b>665,997</b>
<b>Plus expenses included with revenue on the statements of activities and changes in net assets:</b>				
Professional services	-	-	122,682	122,682
Venue	-	-	287,246	287,246
Equipment	-	-	4,040	4,040
Meals	-	-	33,470	33,470
Programming	-	-	2,165	2,165
Gifts and awards	-	-	24,407	24,407
	-	-	474,010	474,010
<b>Total expenses</b>	<b>\$ 490,712</b>	<b>\$ 109,661</b>	<b>\$ 539,634</b>	<b>\$ 1,140,007</b>

See notes to the financial statements.

**SMILE FARMS, INC.**

**Statement of Functional Expenses  
Year Ended December 31, 2020**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Farm Campuses</u>	<u>Management and General</u>	<u>Fundraising</u>	
<b>Salaries</b>	\$ 225,182	\$ 32,169	\$ 64,338	\$ 321,689
<b>Employee benefits and payroll taxes</b>	30,055	4,294	8,587	42,936
Total salaries and related expenses	255,237	36,463	72,925	364,625
<b>Grants</b>	46,779	-	-	46,779
<b>Professional services</b>	-	14,423	1,625	16,048
<b>Advertising</b>	-	-	9,300	9,300
<b>Subscriptions and fees</b>	-	19,829	1,484	21,313
<b>Insurance</b>	-	3,035	-	3,035
<b>Travel</b>	-	542	-	542
<b>Meals</b>	-	761	-	761
<b>Supplies and materials</b>	8,289	1,156	-	9,445
<b>Printing and postage</b>	-	118	1,005	1,123
<b>Other</b>	-	9,915	10,649	20,564
<b>In-kind donations:</b>				
Materials and equipment	65,024	-	-	65,024
Services	-	5,200	60,000	65,200
Facilities	-	13,200	-	13,200
<b>Total expenses included in the expense section on the statements of activities and changes in net assets</b>	<u>375,329</u>	<u>104,642</u>	<u>156,988</u>	<u>636,959</u>
<b>Plus expenses included with revenue on the statements of activities and changes in net assets:</b>				
Professional services	-	-	33,585	33,585
Venue	-	-	47,332	47,332
Equipment	-	-	2,130	2,130
Meals	-	-	19,550	19,550
Gifts and awards	-	-	7,638	7,638
	<u>-</u>	<u>-</u>	<u>110,235</u>	<u>110,235</u>
<b>Total expenses</b>	<u>\$ 375,329</u>	<u>\$ 104,642</u>	<u>\$ 267,223</u>	<u>\$ 747,194</u>

See notes to the financial statements.



**SMILE FARMS, INC.****Statements of Cash Flows**

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 200,203	\$ 125,507
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Contributions receivable	(121,572)	(24,500)
Prepaid expenses	50,638	(50,638)
Accounts payable and accrued expenses	77,688	(7,352)
Net cash provided by operating activities	<u>206,957</u>	<u>43,017</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	<u>(18)</u>	<u>(685)</u>
Net cash used in investing activities	<u>(18)</u>	<u>(685)</u>
<b>Net change in cash</b>	<b>206,939</b>	42,332
Cash at beginning of year	<u>236,014</u>	<u>193,682</u>
<b>Cash at end of year</b>	<u><u>\$ 442,953</u></u>	<u><u>\$ 236,014</u></u>

See notes to the financial statements.

## **SMILE FARMS, INC.**

### **Notes to the Financial Statements December 31, 2021 and 2020**

#### **NOTE A - ORGANIZATION**

Smile Farms, Inc. (the "Organization") was established and incorporated in the state of New York in 2014 as a not-for-profit corporation, beginning operations in 2015. The Organization's mission is to create jobs for people with developmental disabilities in horticultural settings within their communities. To achieve this, the Organization provides funding to six unique not-for-profit organizations, which operate eleven unique locations.

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **[1] Basis of accounting:**

The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP").

##### **[2] Basis of presentation:**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor-imposed restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Net assets with donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization reports contributions with donor restrictions as support without donor restrictions if the restrictions are met in the same reporting period as when the contributions are received.

##### **[3] Use of estimates:**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

##### **[4] Investments:**

Investments consist of mutual funds stated at their fair values based on quoted market prices. Gains and losses on securities sold, as well as held at the end of the year, are included in the statements of activities and changes in net assets. Dividend and interest income is recorded as earned and is also included in the statements of activities and changes in net assets. Increases and decreases in fair value are recognized in the period in which they occur.

## SMILE FARMS, INC.

### Notes to the Financial Statements December 31, 2021 and 2020

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [5] Revenue recognition:

###### *Contributions and contributions receivable*

Contributions, including unconditional promises to give, are considered contribution revenue as donors are not receiving a benefit from the transactions. Contributions are recognized as revenue in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions receivable are stated at the amount management expects to collect from outstanding balances. The Organization establishes a provision for doubtful accounts based on a history of past write-offs and collections and current credit conditions. All balances are expected to be collected; therefore, no allowance has been recorded as of December 31, 2021 or 2020.

Contributions to be received after one year are recognized at their net realizable value and are discounted at a rate commensurate with the risk involved. All balances are expected to be collected before June 30, 2022; therefore, no discount has been recorded.

###### *Special events*

The Organization follows the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, which provides a five-step analysis of contracts to determine when and how revenue is recognized. The core principle of ASC 606 is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity received or expects to receive.

Special event revenue is bifurcated into an exchange transaction component and a contribution component. The exchange transaction component is considered to be the fair market value of the benefits received by an attendee. Revenue is recognized at the point in time when the event takes place, as that is when the Organization's sole obligation to perform is satisfied. The transaction price is the fair market value, which is estimated by management for each event based on an analysis of the benefits received by the attendee. The contribution component is considered to be the amount over and above the fair market value for which the attendee does not receive commensurate value. Special event contribution revenue is recognized when the event takes place as the occurrence of the event is considered a barrier and there is a right of return if the event does not occur. Payments for special events are generally required to be made when registration for the event occurs or sponsorships are made. There were no contract assets or contract liabilities associated with the exchange transaction component of special events as of either December 31, 2021 or 2020. The fair market value of special events included in the special events income line on the statements of activities and changes in net assets amounted to \$179,665 and \$75,950 for the years ended December 31, 2021 and 2020, respectively.

## SMILE FARMS, INC.

### Notes to the Financial Statements December 31, 2021 and 2020

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [5] Revenue recognition: (continued)

###### *In-kind contributions*

The Organization receives contributed materials and equipment, services, and facilities. Contributed services consist of staff to provide general operational support and professional organizations to provide event planning services. For recognition of donated services in the financial statements, such services must (i) require specialized skills, (ii) be provided by individuals possessing these skills, and (iii) would typically need to be purchased if not provided by donation. Donated services are recorded as support without donor restrictions at their estimated fair values at the dates of donation if they meet the above criteria. Donated services amounted to \$-0- and \$65,200 for the years ended December 31, 2021 and 2020, respectively.

Contributed materials and equipment consist of contributed equipment, supplies, and event items and contributed facilities consist of utilization of space. Contributed materials and equipment and facilities are recorded at their estimated fair values at the dates of donation. Contributed materials and equipment amounted to \$37,126 and \$65,024 as of December 31, 2021 and 2020, respectively, and contributed facilities amounted to \$-0- and \$13,200 for the years ended December 31, 2021 and 2020, respectively.

Expenses recognized as a result of in-kind contributions are included in the statements of activities and changes in net assets and in the statements of functional expenses by their natural class.

##### [6] Functional allocation of expenses:

Directly identifiable expenses are charged to program services, management and general, and fundraising expenses. Expenses related to more than one function are allocated among the functions benefited as follows: salaries and employee benefits and payroll taxes based on employees' functions; professional services based on estimates of time and effort, depending on employees' functions; and subscriptions and fees, supplies and materials, printing and postage, and other expenses based on estimates of usage.

##### [7] Income taxes:

The Organization is a tax-exempt organization under Section 501©(3) of the Internal Revenue Code, and is not subject to income tax, except on unrelated business income. The Organization had no unrelated business income for either of the years ended December 31, 2021 or 2020. U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any. There was no income tax related interest or penalty recorded for either of the years ended December 31, 2021 or 2020.

## SMILE FARMS, INC.

### Notes to the Financial Statements December 31, 2021 and 2020

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [8] New accounting pronouncement:

In September 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. Under the new standard’s requirements, gifts-in-kind are to be presented as a separate line item, instead of remaining grouped among contributions of cash or other financial assets, on the statement of activities and changes in net assets. ASU 2020-07 is required to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021. ASU 2020-07 does allow for early adoption. Management is currently evaluating the effect that this new guidance will have on its financial statements and related disclosures.

##### [9] Reclassification:

Certain amounts in the 2020 financial statements have been reclassified to conform to the current year presentation.

#### NOTE C - LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31, 2021 and 2020:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Financial assets:		
Cash	\$ 442,953	\$ 236,014
Investments	144,866	144,848
Contributions receivable	164,447	42,875
Financial assets available for general expenditures within one year	<b>\$ 752,266</b>	<b>\$ 423,737</b>

General expenditures include program services expenses, management and general expenses, and fundraising expenses.

As part of the Organization’s liquidity management plan, the Organization structures 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 money market mutual funds.

## SMILE FARMS, INC.

### Notes to the Financial Statements December 31, 2021 and 2020

#### NOTE D - FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches, including market, income, and/or cost approaches. The Organization uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access at the measurement date.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Significant inputs to the valuation model are unobservable.

The following is a description of the valuation methodology used for assets measured at fair value, which has not changed from that used as of December 31, 2021 or 2020.

*Mutual funds* – Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The following tables set forth, by level, the Organization's investment assets at fair value, measured on a recurring basis within the fair value hierarchy, as of December 31, 2021 and 2020:

	<b>Investment Assets at Fair Value as of December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds - money market	<u>\$ 144,866</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,866</u>

  

	<b>Investment Assets at Fair Value as of December 31, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds - money market	<u>\$ 144,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,848</u>

## **SMILE FARMS, INC.**

### **Notes to the Financial Statements December 31, 2021 and 2020**

#### **NOTE—E - RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2021 and 2020, the Organization received approximately \$168,000 and \$112,000, respectively, of cash and in-kind contributions from related entities that were founded by the chairman of the Organization's board of directors and individuals who serve as members of the Organization's board of directors. For each of the years ended December 31, 2021 and 2020, contributions from related entities and individuals represented approximately 13% and 12% of total support and revenue, respectively.

As of December 31, 2021 and 2020, approximately \$54,000 and \$-0- was due from the related entities and individuals and approximately \$37,000 and \$-0- was due to the related entities and individuals.

#### **NOTE F - NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2020, net assets of \$25,000 were restricted for capacity building. During the year ended December 31, 2021, net assets of \$25,000 were released from restrictions. As of December 31, 2021, no net assets were restricted.

#### **NOTE G - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS AND CONTINGENCIES**

##### *Concentration of credit and market risks*

Financial instruments, which potentially expose the Organization to concentrations of credit risk, consist primarily of cash and investments. At times, the Organization may have cash deposits and temporary cash investments with major financial institutions that exceed Federal Deposit Insurance Corporation limits. Management does not believe cash is subject to undue risk when balances exceed federally insured limits.

The Organization invests in investment securities that are exposed to various risks, such as interest rate, market, and credit risk. It is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the financial statements.

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Organization's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Organization's investment results may be materially adversely affected.

##### *Other uncertainties*

During 2020, the Organization began operating remotely in response to the COVID-19 pandemic. There was a large decrease in program activities during 2020, as horticultural-related programs were put on hold as a result of the pandemic. The Organization continued to fundraise and was able to host its annual golf event and a virtual annual benefit during 2020. As a result, the Organization was able to generate a surplus during that year. The Organization resumed all program services during 2021, when it was determined that it was safe to do so, and does not believe the pandemic will have a material adverse effect on its ongoing financial performance. However, the Organization's business, financial condition, and results of operations will depend on the future developments as to the geographic presence of COVID-19 and the government and health care response to such spread, which are presently uncertain.

**SMILE FARMS, INC.**

**Notes to the Financial Statements  
December 31, 2021 and 2020**

**NOTE H - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through November 18, 2022, which is the date the financial statements were available to be issued.