

# **GROW AND KNOW, INC.**

Financial Report

December 31, 2015

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**To the Board of Directors of  
Grow and Know, Inc.**

We have reviewed the accompanying financial statements of Grow and Know, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Manger & Associate CPAs P.C.*  
**May 3, 2016**

GROW AND KNOW, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 As of December 31, 2015 and 2014

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	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 294,975	\$ 270,330
Accounts receivable	155	1,180
Prepaid expenses	-	1,422
Inventory	<u>1,094</u>	<u>1,907</u>
Total assets	<u>\$ 296,224</u>	<u>\$ 274,839</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	<u>\$ 1,900</u>	<u>\$ 4,382</u>
Total liabilities	<u>1,900</u>	<u>4,382</u>
NET ASSETS		
Unrestricted	267,227	216,357
Temporarily restricted	<u>27,097</u>	<u>54,100</u>
Total net assets	<u>294,324</u>	<u>270,457</u>
Total liabilities and net assets	<u>\$ 296,224</u>	<u>\$ 274,839</u>

*See accompanying notes and the independent accountants' review report.*

GROW AND KNOW, INC.  
 STATEMENTS OF ACTIVITIES  
 For the years ended December 31, 2015 and 2014

	2015		2014		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
REVENUES AND SUPPORT					
Grants and contributions	\$ 71,570	\$ -	\$ 71,570	\$ 76,561	\$ 131,161
Miscellaneous income	2,482	-	2,482	\$ -	\$ -
Total revenues and support	74,052	-	74,052	60,001	131,161
Net assets released from restriction	27,003	(27,003)	-	500	(500)
Satisfaction of program restrictions					
Total revenue and support	101,055	(27,003)	74,052	77,061	131,161
EXPENSES					
Program services	47,879	-	47,879	28,941	28,941
Supporting services:					
Management and general	2,306	-	2,306	2,432	2,432
Fundraising	-	-	-	-	-
Total expenses	50,185	-	50,185	31,373	31,373
Change in net assets	50,870	(27,003)	23,867	45,688	99,788
Net assets, beginning of year	216,357	54,100	270,457	170,669	170,669
Net assets, end of year	\$ 267,227	\$ 27,097	\$ 294,324	\$ 216,357	\$ 270,457

See accompanying notes and the independent accountants' review report.

GROW AND KNOW, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the year ended December 31, 2015

	Program Services						Supporting Services			2015 Total
	Cambodia	Ghana	Tanzania	Pakistan	Ethiopia	Conferences and Other programs	Total Program Services	Management and General	Fundraising	
Travel	3,341	3,766	5,061	1,796	4,973	306	19,243	-	-	19,243
Professional fees	-	-	-	-	-	-	-	1,900	-	1,900
Publishing costs	-	-	813	27,021	-	-	27,834	-	-	27,834
Research	502	-	-	-	-	-	502	-	-	502
Miscellaneous	-	-	-	300	-	-	300	406	-	706
Total other expenses	3,843	3,766	5,874	29,117	4,973	306	47,879	2,306	-	50,185
Total expenses	\$ 3,843	\$ 3,766	\$ 5,874	\$ 29,117	\$ 4,973	\$ 306	\$ 47,879	\$ 2,306	\$ -	\$ 50,185

See accompanying notes and the independent accountants' review report.

GROW AND KNOW, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the year ended December 31, 2014

	Program Services							Supporting Services			
	Cambodia	Chana	Tanzania	Laos	Pakistan	Ethiopia	Conferences and Other programs	Total Program Services	Management and General	Fundraising	2014 Total
Travel	12,406	4,033	2,384	2,200	-	646	411	22,080	-	-	22,080
Office expense	2,100	-	-	-	-	-	-	2,100	-	-	2,100
Professional fees	-	-	-	-	-	-	-	-	1,900	-	1,900
Publishing costs	616	112	238	-	-	442	-	1,408	-	-	1,408
Research	1,200	-	-	-	-	-	973	1,200	-	-	1,200
Ethics board review	-	-	-	-	-	-	-	973	-	-	973
Telephone and communications	230	-	-	-	-	-	-	230	-	-	230
Miscellaneous	450	-	-	-	500	-	-	950	532	-	1,482
Total other expenses	17,002	4,145	2,622	2,200	500	1,088	1,384	28,941	2,432	-	31,373
Total expenses	\$ 17,002	\$ 4,145	\$ 2,622	\$ 2,200	\$ 500	\$ 1,088	\$ 1,384	\$ 28,941	\$ 2,432	\$ -	\$ 31,373

See accompanying notes and the independent accountants' review report.

**GROW AND KNOW, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 23,867	\$ 99,788
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Decrease in accounts receivable	1,025	1,420
Decrease (increase) in prepaid expenses	1,423	(1,421)
Decrease in inventory	813	1,408
(Decrease) increase in accounts payable and accrued expenses	<u>(2,482)</u>	<u>2,482</u>
Net cash provided by operating activities and net increase in cash and cash equivalents	<u>24,645</u>	<u>12,639</u>
Cash and cash equivalents, beginning of year	<u>270,330</u>	<u>166,654</u>
Cash and cash equivalents, end of year	<u>\$ 294,975</u>	<u>\$ 270,330</u>

*See accompanying notes and the independent accountants' review report.*



**GROW AND KNOW, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 1 - ORGANIZATION**

Grow and Know, Inc. is a not-for-profit organization with the purpose of empowering young girls and boys in developing nations, to feel stronger and more confident through the provision of guidance on the growing up experience. The Grow and Know mission is to develop, publish and distribute books that are grounded in the local social, cultural and economic context and that capture the real context of young people growing up today.

For Federal income tax purposes, Grow and Know, Inc. is classified as a 501(c)(3) organization and is exempt under this section of the Internal Revenue Code and a similar provision of the New York State income tax laws.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Grow and Know, Inc. have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America. The significant accounting policies are described below.

1. *Basis of Presentation*

The net assets of the Grow and Know, Inc are reported as follows:

Unrestricted

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for the general operations of Grow and Know, Inc.

Temporarily Restricted

Temporarily restricted net assets include gifts of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction expires or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets include funds that have been restricted by the donor to be held in perpetuity. Grow and Know, Inc. did not have any permanently restricted net assets at December 31, 2015.

**GROW AND KNOW, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. *Cash and cash equivalents*

Grow and Know, Inc. considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

3. *Grants and Contributions*

Grow and Know, Inc. records contributions and grants when an unconditional promise to give such assets is received from a donor. Contributions and grants are recorded at the fair market value of the assets received and are classified as either unrestricted, temporarily restricted, or permanently restricted, depending on whether the donor has imposed a restriction on the use of such assets.

Contributions and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate determined in the year in which the contribution originates. Amortization of the discount is included in contribution revenue.

4. *Inventory*

Inventory of books are valued at cost, instead of lower of cost or market, because the books are given away to young girls and boys, free of charge.

5. *Distribution of Books*

Grow and Know, Inc. distributes its books free of charge to young girls and boys in developing nations.

6. *Functional Expense Allocations*

The costs of providing the various programs and other activities of the Grow and Know, Inc. have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting service benefited. Such allocations are determined by management in accordance with grant provisions and/or other equitable basis.

**GROW AND KNOW, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

7. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. *Income Taxes*

Grow and Know, Inc. adopted Accounting Standards Codification 740 ("ASC 740") "Income Taxes." ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of ASC 740 did not have an impact on Grow and Know's tax-exempt status or on its financial statements. Grow and Know, Inc.'s currently has procedures in place to ensure the maintenance of its tax-exempt status. These include identifying and reporting unrelated business income, determining and meeting its filing and tax obligations in jurisdictions in which it operates. The management of Grow and Know, Inc. does not believe its financial statements include any uncertain tax positions.

The Commission's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2014, 2014 and 2015 are subject to examination by the IRS, generally for three years after they are filed.

9. *Reclassifications*

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to current year presentation.

**ROW AND KNOW, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 3 – DISTRIBUTION OF BOOKS**

In the years ended December 31, 2015 and 2014, the number of books distributed free of charge to young girls and boys by country is listed below:

	<u>2015</u>	<u>2014</u>
Ethiopia	-	425
Tanzania	504	202
Ghana	-	100
Cambodia	-	550
	<u>504</u>	<u>1,277</u>

In addition, in 2015 and 2014 all the books published by Grow and Know were made available electronically through a collaboration with the not-for-profit organization World Reader.

**NOTE 4- TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available to satisfy the following purpose restrictions at December 31, 2015 and 2014:

	<b>Net Assets Released</b>			
	<u>December 31, 2013</u>	<u>Contributions</u>	<u>From Restriction</u>	<u>December 31, 2014</u>
Purpose restricted	\$ -	\$ 54,600	\$ (500)	\$ 54,100

	<b>Net Assets Released</b>			
	<u>December 31, 2014</u>	<u>Contributions</u>	<u>From Restriction</u>	<u>December 31, 2015</u>
Purpose restricted	\$ 54,100	\$ -	\$ (27,003)	\$ 27,097

**NOTE 4 – SUBSEQUENT EVENTS**

Grow and Know, Inc. evaluated its December 31, 2015 financial statements for subsequent events through May 3, 2016 the date the financial statements were available to be issued. Grow and Know, Inc. is not aware of any subsequent events which would require recognition or disclosure in the financial statements.