

**Food Literacy Center
Financial Statements
December 31, 2017 and 2016**

**Food Literacy Center
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Independent Accountants' Review Report

Board of Directors
Food Literacy Center

We have reviewed the accompanying financial statements of *Food Literacy Center* (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities 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 company 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 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.

Accountants' 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.

Accountants' Conclusion

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


Pomares Bearry
An Accountancy Corporation

Sacramento, CA

July 17, 2018

Food Literacy Center
Statements of Financial Position
As of December 31,

Assets	2017	2016
Current Assets		
Cash and Cash Equivalents	\$ 377,348	\$ 240,253
Contributions Receivable, Net of Allowance for Doubtful Accounts - Note 2	147,421	30,504
Prepaid Expenses	2,389	2,340
Other Current Assets	2,827	225
Total Current Assets	529,985	273,322
Fixed Assets, Net - Note 3	16,692	13,621
Security Deposit	2,200	2,200
Total Assets	\$ 548,877	\$ 289,143
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 35,988	\$ 32,496
Credit Cards Payable	3,357	3,363
Agency Transactions Payable	45,000	-
Lease Payable - Note 6	1,318	-
Total Current Liabilities	85,663	35,859
Total Liabilities	85,663	35,859
Net Assets		
Unrestricted	320,714	248,284
Temporarily Restricted - Note 7	142,500	5,000
Total Net Assets	463,214	253,284
Total Liabilities and Net Assets	\$ 548,877	\$ 289,143

The accompanying notes are an integral part of these financial statements.
See Independent Accountants' Review Report.

Food Literacy Center
Statements of Activity and Changes in Net Assets
For the Years Ended December 31,

	2017	2016
Unrestricted Revenue and Support from Operations		
Contributions	\$ 207,323	\$ 267,739
Grants	359,028	214,116
Program Revenue	3,110	11,949
In-Kind Goods and Services	62,137	93,364
Interest and Dividend Income	22	22
Other Income	1,030	464
	<u>632,650</u>	<u>587,654</u>
Total Unrestricted Revenue & Support before Special Events and Assets Released from Restriction		
Special Events	47,216	47,317
Less Direct Costs	(14,012)	(5,080)
	<u>33,204</u>	<u>42,237</u>
Net Special Events		
	<u>5,000</u>	<u>5,000</u>
Net Assets Released from Restriction		
	<u>670,854</u>	<u>634,891</u>
Total Unrestricted Revenue and Support from Operations		
Operating Expenses		
Program Services	442,076	416,151
General and Administrative	75,233	64,885
Fundraising	81,115	63,452
	<u>598,424</u>	<u>544,488</u>
Total Operating Expenses		
	<u>72,430</u>	<u>90,403</u>
Net Increase (Decrease) in Unrestricted Net Assets from Operations		
Changes in Temporarily Restricted Net Assets		
Grants	142,500	5,000
Net Assets Released from Restriction	(5,000)	(5,000)
	<u>137,500</u>	<u>-</u>
Net Increase in Temporarily Restricted Net Assets		
	<u>209,930</u>	<u>90,403</u>
Increase (Decrease) in Net Assets		
	<u>253,284</u>	<u>162,881</u>
Net Assets, Beginning of Year		
	<u>\$ 463,214</u>	<u>\$ 253,284</u>
Net Assets, End of Year		
	<u>\$ 463,214</u>	<u>\$ 253,284</u>

The accompanying notes are an integral part of these financial statements.
See Independent Accountants' Review Report.

Food Literacy Center
Statements of Functional Expenses
For the Years Ended December 31, 2017 and 2016

	Total Program Services	General and Administrative	Fundraising	Total Support Services	Current Year Total Expenses	Prior Year Total Expenses
Expenses						
Salaries & Wages	\$ 299,469	\$ 38,948	\$ 51,051	\$ 89,999	\$ 389,468	\$ 307,980
Payroll Taxes	21,541	2,801	3,672	6,473	28,014	26,144
Other Employee Benefits	14,028	-	-	-	14,028	18,258
Accounting Services	5,163	5,163	-	5,163	10,326	4,180
Other Services	1,440	-	-	-	1,440	4,886
Office Expenses	4,550	-	-	-	4,550	3,548
Information Technology	4,403	-	-	-	4,403	2,700
Occupancy	7,904	7,677	-	7,677	15,581	15,910
Travel	7,427	-	-	-	7,427	2,667
Conferences and Meetings	878	-	-	-	878	447
Insurance	9,273	-	-	-	9,273	9,158
Program Expenses	19,581	-	-	-	19,581	23,938
Other Operations Expenses	5,576	17,354	-	17,354	22,930	13,725
Fund Development	-	-	14,177	14,177	14,177	15,615
Bad Debts	35	-	-	-	35	409
Interest Expense	132	-	-	-	132	-
In-Kind Goods and Services	38,223	2,343	11,732	14,075	52,298	92,304
Total Expenses Before Depreciation	439,623	74,286	80,632	154,918	594,541	541,869
Depreciation	2,453	947	483	1,430	3,883	2,619
Total Expenses	\$ 442,076	\$ 75,233	\$ 81,115	\$ 156,348	\$ 598,424	\$ 544,488

The accompany notes are an integral part of these financial statements.
See Independent Accountants' Review Report.

**Food Literacy Center
Statements of Cash Flow
For the Years Ended December 31,**

	2017	2016
Cash Flow from Operating Activities		
Changes in Net Assets	\$ 209,930	\$ 90,403
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	3,883	2,619
In-Kind Contribution of Gift Cards	(599)	-
In-Kind Contribution of Fixed Assets	-	(1,060)
Purchases with Gift Cards	225	400
(Increase)Decrease in Assets		
Accounts Receivable	(116,917)	(28,516)
Prepaid Expense	(2,277)	(2,340)
Increase (Decrease) in Operating Liabilities		
Accounts Payable, Credit Cards Payable, and Accrued Expenses	3,487	17,119
Agency Transactions Payable	45,000	-
Net Cash Provided by (Used In) Operating Activities	(67,198)	(11,778)
Cash Flows from Investing Activities		
Fixed Asset Purchases	(6,954)	(4,876)
Net Cash (Used In) Investing Activities	(6,954)	(4,876)
Cash Flows from Financing Activities		
Net Borrowings (Repayments) on Capital Leases	1,318	-
Net Cash (Used In) Financing Activities	1,318	-
Net Increase (Decrease) in Cash	137,096	73,749
Cash and Cash Equivalents, Beginning of Year	240,253	166,504
Cash and Cash Equivalents, End of Year	\$ 377,348	\$ 240,253
Supplemental Information		
Interest Paid	\$ 132	\$ -
Noncash transactions		
Donated Gift Cards	225	400
Donated Goods and Services	62,137	93,364

The accompanying notes are an integral part of these financial statements.
See Independent Accountants' Review Report.

Food Literacy Center
Notes to Financial Statements
As of December 31, 2017 and 2016

Note 1 - Organization

The mission of Food Literacy Center is to inspire kids to eat their vegetables. We teach low-income elementary children cooking and nutrition to improve health, environment and economy. The Center was incorporated as an independent, non-profit organization on November 16, 2011.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the Center are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

B. Basis of Presentation

The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. A description of the three net asset categories follows:

Unrestricted – net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – net assets whose use by the Center is subject to donor-imposed restrictions that can be fulfilled by the actions of the Center pursuant to those restrictions that expire by the passage of time.

Permanently Restricted – net assets subject to donor-imposed restrictions that they be maintained permanently by the Center.

C. Cash and Cash Equivalents

For the statement of financial position and the statement of cash flows, cash and cash equivalents are defined as all highly liquid investments available for current use with initial maturity of twelve months or less.

D. Pledges, Grants and Other Receivables

Pledges and Grants receivable are reported at the amount the Center expects to collect on balances outstanding at year-end. Based on management's assessment of the grantors and pledgers having outstanding balances and past history with them, it has concluded that losses on balances outstanding at year-end are unlikely. All grants and pledges receivable are deemed by management to be collectible. The allowance for doubtful accounts at December 31, 2017 and 2016 were both zero.

See Independent Accountants' Review Report.

Food Literacy Center
Notes to Financial Statements
As of December 31, 2017 and 2016

Note 2 – Summary of Significant Accounting Policies – Continued

E. Fixed Assets

Fixed assets consist of kitchen equipment, computer equipment and office furniture and equipment and are recorded at cost when purchased, or if donated, at their estimated fair market value at the date of the donation. All acquisitions of fixed assets in excess of \$500 with useful lives of three years or more, and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. The policy of the Center is to provide for depreciation over the estimated useful lives of the assets by straight-line method.

F. Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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 these estimates.

H. Contributed Property and Equipment

Contributed property and equipment is recorded at fair value at the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

I. In-Kind Contributions

The value of certain donated goods and services represents the estimated value if purchased. These amounts have been reflected in the financial statements for the in-kind goods and services donated to the Center.

Food Literacy Center
Notes to Financial Statements
As of December 31, 2017 and 2016

Note 2 – Summary of Significant Accounting Policies – Continued

J. Functional Expenses

The cost of providing various programs and supporting services has been reported on the functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services based on estimates made by management.

K. Income Taxes

Food Literacy Center, a not-for-profit organization operating under Section 501(c)(3) of the Internal Revenue code, is exempt from federal, state, and local income taxes and, accordingly, no provisions for income taxes are included in the financial statements. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as a public charity.

Management has determined that the Center does not have any uncertainty in income tax and associated unrecognized benefits that materially impact the financial statements or related disclosures.

L. Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation. Such reclassifications had no impact on net income as previously reported.

Note 3 – Property and Equipment

Property and Equipment at December 31, 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
Kitchen Equipment	\$ 8,834	\$ 7,564
Computer Equipment	14,055	8,371
Office Furniture and Equipment	<u>4,381</u>	<u>4,381</u>
Total Property and Equipment	27,270	20,316
Less: Accumulated Depreciation	<u>(10,578)</u>	<u>(6,695)</u>
Property and Equipment, Net	<u>\$ 16,692</u>	<u>\$ 13,621</u>

The depreciation expense for the years ended December 31, 2017 and 2016 was \$3,883 and \$2,619 respectively.

See Independent Accountants' Review Report.

Food Literacy Center
Notes to Financial Statements
As of December 31, 2017 and 2016

Note 4 - Contributed Services

The Center recognizes contribution revenue for certain services received at the fair value of those services. Those services include the following items:

For the Years Ended December 31,	<u>2017</u>	<u>2016</u>
Program		
PR Consulting	\$ 36,187	\$ 54,008
Photography	1,200	-
Graphic Design	750	1,200
	<u>38,137</u>	<u>55,208</u>
Total Program		
General and Administrative		
Legal Services	1,293	6,101
Graphic Design	750	750
Photography	450	-
Security	300	-
	<u>2,793</u>	<u>6,851</u>
Total General and Administrative		
Fundraising		
Photography	1,775	2,000
Advertising	3,200	-
Graphic Design	1,950	1,500
	<u>6,925</u>	<u>3,500</u>
Total Fundraising		
Total Contributed Services	<u><u>\$ 47,855</u></u>	<u><u>\$ 65,559</u></u>

In addition, many other individuals volunteer their time and perform a variety of tasks that assist the Center with program and fundraising activities that do not meet the criteria for recognition. The estimated fair value of the contributed services received but not recognized for the December 31, 2017 and 2016 is \$71,325 and \$132,908, respectively.

Food Literacy Center
Notes to Financial Statements
As of December 31, 2017 and 2016

Note 5 - Paid Time Off

Regular status employees scheduled to work at least 20 hours per week accrue PTO, depending on their years of service and hours worked. Eligible employees begin accruing paid time off from start of employment. The maximum PTO hours that can be accrued is between 80 - 160 hours depending on years of service.

Note 6 – Lease Commitments

Operating Lease:

The Center entered into a 3-year lease for office space commencing November 1, 2014, with a one year option to renew at the end of the lease term. The lease was renewed for one year beginning Nov 1, 2017 with an option to renew at the end of the term for 3 to 5 years. Future minimum lease payments are as follows.

Minimum Lease Payments for the Year Ended December 31,

2018	\$ 12,000
2019	-
2020	-
2021	-
Thereafter	-
	<hr/>
Total Minimum Lease Payments	<u><u>\$ 12,000</u></u>

Capital Lease:

On June 06, 2017, the Center entered into a 24-month computer lease. Principal and interest payments are due monthly in the amount of \$87.96. The imputed interest rate is 17.330%. The final payment is due in May 2019.

Food Literacy Center
Notes to Financial Statements
As of December 31, 2017 and 2016

Note 6 – Lease Commitments - Continued

Future minimum lease payments are as follows:

Minimum Lease Payments for the Year Ended December 31,

		\$	
2018			1,056
2019			440
2020			-
2021			-
			-
Total Minimum Lease Payments			1,496
Less: Amounts Representing Interest			(178)
			(178)
Present Value of Minimum Lease Payments		\$	1,318
			1,318

Net 7 - Net Assets

Temporarily restricted net assets are restricted to the following purposes:

	2017		2016
Net Asset Balance, Beginning of Year	\$ 5,000	\$	5,000
Grants Funds for 2018 Programs	142,500		-
Grant Funds for 2017 Programs	-		5,000
Grant Funds Released from 2017 Programs	(5,000)		-
Grant Funds Released for 2016 Programs	-		(5,000)
			(5,000)
Net Asset Balance, End of Year	\$ 142,500	\$	5,000
			5,000

Note 8 – Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through July 17, 2018, which is the date the financial statements were available to be issued.