

**Food Literacy Center  
Financial Statements  
December 31, 2016 and 2015**

**Food Literacy Center  
Contents**

	<b><u>Page</u></b>
<b>Independent Accountants' Review Report on the Financial Statements</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	2
Statements of Activity and Changes in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flow	5
<b>Notes to Financial Statements</b>	6-10

*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 statement of financial position as of December 31, 2016 and 2015, 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 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

September 28, 2017

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

<b>Assets</b>	<b>2016</b>	<b>2015</b>
<b>Current Assets</b>		
Cash	\$ 240,253	166,504
Contributions Receivable, Net of Allowance for Doubtful Accounts - Note 2	30,504	1,988
Prepaid Expenses	2,340	0
Other Current Assets	225	625
<b>Total Current Assets</b>	273,322	169,117
Fixed Assets, Net - Note 3	13,621	10,304
Security Deposit	2,200	2,200
<b>Total Assets</b>	\$ 289,143	\$ 181,621
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	32,496	18,740
Credit Cards Payable	3,363	-
<b>Total Current Liabilities</b>	35,859	18,740
<b>Total Liabilities</b>	35,859	18,740
<b>Net Assets</b>		
Unrestricted	248,284	157,881
Temporarily Restricted - Note 7	5,000	5,000
<b>Total Net Assets</b>	253,284	162,881
<b>Total Liabilities and Net Assets</b>	\$ 289,143	\$ 181,621

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,**

	<b>2016</b>	<b>2015</b>
<b>Unrestricted Revenue and Support from Operations</b>		
Contributions	297,257	214,928
Grants	214,116	54,440
Program Revenue	11,949	23,951
In-Kind Goods and Services	93,364	32,930
Interest and Dividend Income	22	70
Other Income	464	128
<b>Total Unrestricted Revenue &amp; Support before Special Events and Assets Released from Restriction</b>	<b>617,172</b>	<b>326,447</b>
Special Events	17,799	23,839
Less Direct Costs	(5,080)	(4,834)
<b>Net Special Events</b>	<b>12,719</b>	<b>19,005</b>
<b>Net Assets Released from Restriction</b>	<b>5,000</b>	<b>5,000</b>
<b>Total Unrestricted Revenue and Support from Operations</b>	<b>634,891</b>	<b>350,452</b>
<b>Operating Expenses</b>		
Program Services	416,151	246,159
General and Administrative	64,885	18,316
Fundraising	63,452	91,107
<b>Total Operating Expenses</b>	<b>544,488</b>	<b>355,582</b>
<b>Net Increase (Decrease) in Unrestricted Net Assets from Operations</b>	<b>90,403</b>	<b>(5,130)</b>
<b>Changes in Temporarily Restricted Net Assets</b>		
Grants	5,000	5,000
Net Assets Released from Restriction	(5,000)	(5,000)
<b>Net Increase in Temporarily Restricted Net Assets</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Assets</b>	<b>90,403</b>	<b>(5,130)</b>
<b>Net Assets, Beginning of Year</b>	<b>162,881</b>	<b>168,011</b>
<b>Net Assets, End of Year</b>	<b>\$ 253,284</b>	<b>\$ 162,881</b>

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, 2016 and 2015**

	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Support Services</b>	<b>Current Year Total Expenses</b>	<b>Prior Year Total Expenses</b>
<b>Expenses</b>						
Salaries & Wages	\$ 227,835	\$ 39,669	\$ 40,476	\$ 80,145	\$ 307,980	\$ 162,083
Payroll Taxes	18,045	4,672	3,427	8,099	26,144	13,387
Other Employee Benefits	18,258	-	-	-	18,258	14,956
Accounting Services	2,090	2,090	-	2,090	4,180	2,908
Other Services	4,886	-	-	-	4,886	15,897
Office Expenses	3,548	-	-	-	3,548	3,831
Information Technology	2,700	-	-	-	2,700	14,045
Occupancy	8,110	7,800	-	7,800	15,910	15,293
Travel	2,667	-	-	-	2,667	2,260
Conferences and Meetings	447	-	-	-	447	724
Insurance	9,158	-	-	-	9,158	8,778
Program Expenses	23,938	-	-	-	23,938	26,146
Other Operations Expenses	10,783	2,942	-	2,942	13,725	14,062
Fund Development	-	-	15,615	15,615	15,615	31,530
Bad Debts	409	-	-	-	409	-
In-Kind Goods and Services	81,953	6,851	3,500	10,351	92,304	27,505
<b>Total Expenses Before Depreciation</b>	414,827	64,024	63,018	127,042	541,869	353,405
Depreciation	1,324	861	434	1,295	2,619	2,177
<b>Total Expenses</b>	<b>\$ 416,151</b>	<b>\$ 64,885</b>	<b>\$ 63,452</b>	<b>\$ 128,337</b>	<b>\$ 544,488</b>	<b>\$ 355,582</b>

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,**

	<b>2016</b>	<b>2015</b>
<b>Cash Flow from Operating Activities</b>		
Changes in Net Assets	\$ 90,403	(5,130)
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities</b>		
Depreciation	2,619	2,177
In-Kind Contribution of Gift Cards	-	(1,000)
In-Kind Contribution of Fixed Assets	(1,060)	
Purchases with Gift Cards	400	375
<b>(Increase)Decrease in Assets</b>		
Accounts Receivable	(28,516)	(1,988)
Prepaid Expense	(2,340)	
<b>Increase (Decrease) in Operating Liabilities</b>		
Accounts Payable, Credit Cards Payable, and Accrued Expenses	17,119	18,609
<b>Net Cash Provided by (Used In) Operating Activities</b>	(11,778)	18,173
<b>Cash Flows from Investing Activities</b>		
Fixed Asset Purchases	(4,876)	(4,024)
<b>Net Cash (Used In) Investing Activities</b>	(4,876)	(4,024)
<b>Net Increase (Decrease) in Cash</b>	73,749	9,019
<b>Cash, Beginning of Year</b>	166,504	157,485
<b>Cash, End of Year</b>	\$ 240,253	\$ 166,504

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, 2016 and 2015**

**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, 2016 and 2015 were both zero.



**Food Literacy Center**  
**Notes to Financial Statements**  
**As of December 31, 2016 and 2015**

**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.

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.

See Independent Accountants' Review Report.

**Food Literacy Center**  
**Notes to Financial Statements**  
**As of December 31, 2016 and 2015**

**Note 2 – Summary of Significant Accounting Policies – Continued**

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.

**Note 3 – Property and Equipment**

Property and Equipment at December 31, 2016 and 2015 consist of:

	<u>2016</u>	<u>2015</u>
Kitchen Equipment	\$ 7,564	\$ 7,004
Computer Equipment	8,371	2,995
Office Furniture and Equipment	<u>4,381</u>	<u>4,381</u>
<b>Total Property and Equipment</b>	20,316	14,380
Less: Accumulated Depreciation	<u>(6,695)</u>	<u>(4,076)</u>
<b>Property and Equipment, Net</b>	<u>\$ 13,621</u>	<u>\$ 10,304</u>

The depreciation expense for the years ended December 31, 2016 and 2015 was \$2,619 and \$2,177 respectively.

**Food Literacy Center**  
**Notes to Financial Statements**  
**As of December 31, 2016 and 2015**

**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:

<b>For the Years Ended December 31,</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Program</b>		
PR Consulting	\$ 54,008	\$ -
Graphic Design	1,200	996
Photography	-	5,250
Videography	-	595
	<u>55,208</u>	<u>6,841</u>
 <b>General and Administrative</b>		
Legal Services	6,101	
Graphic Design	750	-
SLA Service Fees for Website	-	2,400
	<u>6,851</u>	<u>2,400</u>
 <b>Fundraising</b>		
Graphic Design	1,500	3,984
Photography	2,000	3,750
Videography	-	595
	<u>3,500</u>	<u>8,329</u>
 <b>Total Contributed Services</b>	<u><u>\$ 65,559</u></u>	<u><u>\$ 17,570</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, 2016 and 2015 is \$132,908 and \$121,340 respectively.

**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.

See Independent Accountants' Review Report.

**Food Literacy Center  
Notes to Financial Statements  
As of December 31, 2016 and 2015**

**Note 6 – Lease Commitments**

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. Future minimum lease payments are as follows.

**Minimum Lease Payments for the Year Ended December 31,**

2017	\$	11,000
2018		-
2019		-
2020		-
Thereafter		-
		-
<b>Total Minimum Lease Payments</b>	<b>\$</b>	<b>11,000</b>
		<b>11,000</b>

**Net 7 - Net Assets**

Temporarily restricted net assets are restricted to the following purposes:

	<b>2016</b>	<b>2015</b>
Net Asset Balance, Beginning of Year	\$ 5,000	\$ 5,000
Grants Funds for 2017 Programs	5,000	
Grant Funds for 2016 Programs		5,000
Grant Funds Released from 2016 Programs	(5,000)	
Grant Funds Released for 2015 Programs		(5,000)
<b>Net Asset Balance, End of Year</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>

**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 September 28, 2017, which is the date the financial statements were available to be issued.

See Independent Accountants' Review Report.