

FOOD LITERACY CENTER

Independent Accountant's Review Report
and Financial Statements

Year Ended December 31, 2019

With Summarized Comparative Financial Information
for the year ended December 31, 2018

DRAFT 3-16-20

**FOOD LITERACY CENTER
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Accountant's Review Report.....	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7-12

DRAFT 3-16-20



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Food Literacy Center
Sacramento, CA

We have reviewed the accompanying financial statements of the Food Literacy Center (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 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 accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Food Literacy Center as of December 31, 2018, were reviewed by other accountants whose report dated July 31, 2019, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of the Food Literacy Center for the year ended December 31, 2018, were previously reviewed by other accountants, who were not aware of any material modifications that should be made to the financial statements in their report dated July 31, 2019. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2018, for it to be consistent with the reviewed financial statements from which it has been derived

Certified Public Accountants
Sacramento, CA
March 16, 2020

DRAFT 3-16-20

**FOOD LITERACY CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

WITH COMPARATIVE FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	2019	2018
Assets		
Cash and equivalents	\$ 547,711	\$ 357,794
Contributions receivable	80,723	71,909
Prepaid expenses	4,710	5,605
Deposits	2,200	2,200
Fixed assets, net	8,855	13,610
Total assets	\$ 644,199	\$ 451,118
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 8,584	\$ 28,709
Accrued expenses	27,476	413
Total liabilities	36,060	29,122
Net assets:		
Without donor restrictions:		
Designated for reserves	250,000	-
Designated for capital assets	20,000	-
Designated for maintenance	20,000	-
Undesignated	154,895	378,639
	444,895	378,639
With donor restrictions	163,244	43,357
Total net assets	608,139	421,996
Total liabilities and net assets	\$ 644,199	\$ 451,118

The accompanying notes are an integral part of these financial statements.

**FOOD LITERACY CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Support and revenue:				
Private grants, contributions and bequests	\$ 317,277	\$ 163,244	\$ 480,521	\$ 585,456
Program service revenue	5,038	-	5,038	10,222
Donated goods and services	88,344	-	88,344	96,472
Special events	101,335	-	101,335	15,742
Less: Cost of direct benefits to donors	(8,203)	-	(8,203)	(19,472)
Interest income	172	-	172	109
Other income	56,994	-	56,994	634
Net assets released from restrictions	43,357	(43,357)	-	-
	<u>604,314</u>	<u>119,887</u>	<u>724,201</u>	<u>689,163</u>
Expenses:				
Program services:				
Food literacy program	429,199	-	429,199	582,755
Total program services	429,199	-	429,199	582,755
Supporting services:				
Management and general	48,969	-	48,969	89,113
Development	59,890	-	59,890	58,513
	<u>538,058</u>	<u>-</u>	<u>538,058</u>	<u>730,381</u>
Change in net assets	66,256	119,887	186,143	(41,218)
Net assets, beginning of year	<u>378,639</u>	<u>43,357</u>	<u>421,996</u>	<u>463,214</u>
Net assets, end of year	<u>\$ 444,895</u>	<u>\$ 163,244</u>	<u>\$ 608,139</u>	<u>\$ 421,996</u>

The accompanying notes are an integral part of these financial statements.

FOOD LITERACY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Food Literacy Program	Management and General	Development	2019 Total	2018 Total
Salaries & wages	\$ 249,311	\$ 19,123	\$ 22,648	\$ 291,082	\$ 462,165
Employee benefits	20,679	1,293	1,530	23,502	29,333
Payroll taxes	19,835	1,521	1,802	23,158	39,986
Staff development	3,666	83	884	4,633	12,174
Workers' compensation insurance	4,815	71	84	4,970	9,295
Subtotal personnel	298,306	22,091	26,948	347,345	552,953
Accounting & audit	-	17,593	-	17,593	11,060
Bank & payroll charges	-	7	1,880	1,887	979
Depreciation	3,713	559	483	4,755	4,902
Donated food, supplies & services	60,140	6,252	16,859	83,251	84,620
Insurance	2,219	170	202	2,591	2,635
Meeting expenses	1,100	77	91	1,268	818
Miscellaneous	157	129	2,125	2,411	30
Occupancy	15,417	1,183	1,401	18,001	17,644
Office supplies	2,570	173	235	2,978	3,624
Other professional fees	5,804	227	3,493	9,524	10,956
Printing & postage	3,043	39	2,943	6,025	10,290
Program expenses	23,642	-	-	23,642	18,619
Software & website	6,789	336	3,051	10,176	3,450
Telephone & internet	1,260	53	63	1,376	1,314
Travel & meals	3,138	-	21	3,159	4,731
Utilities	1,901	80	95	2,076	1,756
Total expenses	<u>\$ 429,199</u>	<u>\$ 48,969</u>	<u>\$ 59,890</u>	<u>\$ 538,058</u>	<u>\$ 730,381</u>

The accompanying notes are an integral part of these financial statements.

**FOOD LITERACY CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019**

WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash receipts from grants, contributions and bequests	\$ 471,707	\$ 660,968
Cash from special events	98,225	8,122
Other cash receipts	62,204	10,965
Payments for salaries, benefits, etc.	(320,282)	(552,953)
Other cash payments to vendors	<u>(121,937)</u>	<u>(143,931)</u>
Net cash provided by (used in) operating activities	<u>189,917</u>	<u>(16,829)</u>
Cash flows from investing activities:		
Purchases of fixed assets	<u>-</u>	<u>(1,820)</u>
Net cash used in investing activities	<u>-</u>	<u>(1,820)</u>
Cash flows from financing activities:		
Principle payments on capital leases	<u>-</u>	<u>(905)</u>
Net cash used in financing activities	<u>-</u>	<u>(905)</u>
Net increase (decrease) in cash	189,917	(19,554)
Cash and equivalents, beginning of year	<u>357,794</u>	<u>377,348</u>
Cash and equivalents, end of year	<u>\$ 547,711</u>	<u>\$ 357,794</u>

The accompanying notes are an integral part of these financial statements.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Revenue Recognition

Program service revenue and event fees are recognized when the programs or events are held. Amounts received in advance are deferred to the applicable period in which the related services are performed or the event is held. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. 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 substantially met.

Expense Allocation

The costs of providing the program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services based on estimates of employees' time incurred and usage of resources.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, our management is required to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from these estimates under different assumptions or conditions.

Income Tax Status

We are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California code sections. In addition, we qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and are considered a publically-supported organization.

Management has processes presently in place to ensure maintenance of our tax-exempt statuses; to identify and report unrelated business income; to determine our filing and tax obligations for which we have nexus; and to identify and evaluate other matters that may be considered tax positions. We have evaluated the tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from funding sources supportive of our mission.

Adoption of New Accounting Standards

We have adopted ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to clarify and improve the scope and accounting guidance for contributions received and contributions made. It provides assistance to not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance; and (2) determining whether a contribution is conditional.

We have adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the our financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way we recognize revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Presentation of Certain Prior Year Information

The statement of functional expenses includes certain prior year summarized financial information for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the organizations' financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and equivalents	\$	547,711
Contributions receivable		62,223
Less: Board-designated amounts		<u>(290,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>319,934</u>

The board-designated amounts can be made available if necessary. We maintain a liquid cash balance in checking and money market accounts in an amount necessary to meet our anticipated expenditures for at least the next 60 days. Cash in excess of this may be invested in short-term investments.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable, all of which management considers collectable, consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Amounts restricted to future periods	<u>\$ 80,723</u>	<u>\$ 71,909</u>
Total contributions receivable	<u>\$ 80,723</u>	<u>\$ 71,909</u>
Amounts due in:		
Less than one year	\$ 62,223	\$ 71,909
One to five years	<u>18,500</u>	<u>--</u>
Total	<u>\$ 80,723</u>	<u>\$ 71,909</u>

No present value discount has been provided as the amount of the discount, computed at a risk-free interest rate, would not be material to the financial statements.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 5 – FIXED ASSETS

Fixed assets consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 15,232	\$ 15,232
Kitchen equipment	8,834	8,834
Furniture and equipment	5,024	5,024
Less: accumulated depreciation	<u>(20,235)</u>	<u>(15,480)</u>
Total fixed assets	<u>\$ 8,855</u>	<u>\$ 13,610</u>

Depreciation expense was \$4,755 and \$4,902 for the years ended December 31, 2019 and 2018, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Subject to the passage of time:		
General program and administrative activities	<u>\$ 163,244</u>	<u>\$ 43,357</u>
Total net assets with donor restrictions	<u>\$ 163,244</u>	<u>\$ 43,357</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Expiration of time restriction	<u>\$ 43,357</u>	<u>\$ 117,500</u>

NOTE 7 – CONCENTRATION

For the year ended December 31, 2019 and 2018, approximately 77% and 99% of contributions receivable, respectively, were due from two funding sources.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 – DONATED SERVICES, FACILITIES AND SUPPLIES

We received donated services and supplies in several areas of program and supporting operations. The value of those donations is included in the accompanying financial statements and was estimated to be \$88,344 and \$96,472, for the years ended December 31, 2019 and 2018, respectively.

We also received donated services from a variety of unpaid volunteers assisting in leadership, committees, fundraising activities and program services. The value of that donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution under accounting standards generally accepted in the United States of America.

NOTE 9 – FUNCTIONALIZED EXPENSES

Our financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Those expenses allocated on the basis of estimated time and effort includes: salaries and wages, employee benefits, payroll taxes, insurance, postage and shipping, software and technology, telephone, travel and meals, and miscellaneous expenses.

NOTE 10 – SUBSEQUENT EVENTS

Our management has reviewed the results of operations for the period of time from our year end December 31, 2019 through March 16, 2020, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.