

FOOD LITERACY CENTER

Independent Accountant's Review Report
and Financial Statements

Year Ended December 31, 2020

With summarized comparative financial information
for the year ended December 31, 2019

**FOOD LITERACY CENTER
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

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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, 2020, 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.

Report on Summarized Comparative Information

We have previously reviewed Food Literacy Center's 2019 financial statements and are not aware of any material modifications that should be made to the financial statements in their report dated March 16, 2020. 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, 2019, for it to be consistent with the reviewed financial statements from which it has been derived.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, CA
March 9, 2021

**FOOD LITERACY CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

WITH COMPARATIVE FINANCIAL INFORMATION AS OF DECEMBER 31, 2019

	2020	2019
Assets		
Cash and equivalents	\$ 822,722	\$ 547,711
Contributions receivable	202,989	80,723
Prepaid expenses	245	4,710
Deposits	2,200	2,200
Fixed assets, net	6,378	8,855
 Total assets	 \$ 1,034,534	 \$ 644,199
 Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 3,591	\$ 8,584
Accrued expenses	28,174	27,476
Refundable advance	67,415	-
 Total liabilities	 99,180	 36,060
Net assets:		
Without donor restrictions:		
Designated for reserves	400,000	250,000
Designated for capital assets	20,000	20,000
Designated for maintenance	20,000	20,000
Undesignated	242,110	154,895
	682,110	444,895
With donor restrictions	253,244	163,244
 Total net assets	 935,354	 608,139
 Total liabilities and net assets	 \$ 1,034,534	 \$ 644,199

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

**FOOD LITERACY CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support and revenue:				
Private grants, contributions, and bequests	\$ 703,461	\$ 193,500	\$ 896,961	\$ 480,521
Program service revenue	4,375	-	4,375	5,038
Donated goods and services	144,809	-	144,809	88,344
Special events	69,546	-	69,546	101,335
Less: Cost of direct benefits to donors	-	-	-	(8,203)
Interest income	1,173	-	1,173	172
Other income	-	-	-	56,994
Net assets released from restrictions	<u>103,500</u>	<u>(103,500)</u>	<u>-</u>	<u>-</u>
 Total support and revenue	 <u>1,026,864</u>	 <u>90,000</u>	 <u>1,116,864</u>	 <u>724,201</u>
Expenses:				
Program services:				
Food Literacy program	<u>686,601</u>	<u>-</u>	<u>686,601</u>	<u>429,199</u>
Total program services	<u>686,601</u>	<u>-</u>	<u>686,601</u>	<u>429,199</u>
Supporting services:				
Management and general	61,052	-	61,052	48,969
Development	<u>41,996</u>	<u>-</u>	<u>41,996</u>	<u>59,890</u>
Total supporting services	<u>103,048</u>	<u>-</u>	<u>103,048</u>	<u>108,859</u>
 Total expenses	 <u>789,649</u>	 <u>-</u>	 <u>789,649</u>	 <u>538,058</u>
Change in net assets	237,215	90,000	327,215	186,143
Net assets, beginning of year	<u>444,895</u>	<u>163,244</u>	<u>608,139</u>	<u>421,996</u>
Net assets, end of year	<u>\$ 682,110</u>	<u>\$ 253,244</u>	<u>\$ 935,354</u>	<u>\$ 608,139</u>

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

FOOD LITERACY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	Food Literacy Program	Management and General	Development	2020 Total	2019 Total
Salaries & wages	\$ 283,621	\$ 25,688	\$ 18,870	\$ 328,179	\$ 291,082
Employee benefits	25,212	2,283	1,677	29,172	23,502
Payroll taxes	23,169	2,098	1,541	26,808	23,158
Staff development	1,286	3	2	1,291	4,633
Workers' compensation insurance	513	46	34	593	4,970
Subtotal personnel	<u>333,801</u>	<u>30,118</u>	<u>22,124</u>	<u>386,043</u>	<u>347,345</u>
Accounting fees	-	15,967	-	15,967	17,593
Bank & payroll charges	-	746	2,762	3,508	1,887
Depreciation	2,880	364	483	3,727	4,755
Donated food, supplies, & services	137,821	4,029	2,960	144,810	83,251
Grants to others	142,500	-	-	142,500	-
Insurance	3,122	283	208	3,613	2,591
Meeting expenses	346	31	23	400	1,268
Miscellaneous	242	3,652	1,741	5,635	2,411
Occupancy	18,149	1,644	1,207	21,000	18,001
Office supplies	1,980	177	130	2,287	2,978
Other professional fees	13,603	1,021	3,125	17,749	9,524
Printing & postage	5,002	183	3,341	8,526	6,025
Program expenses	16,903	-	-	16,903	23,642
Software & website	6,145	2,339	3,691	12,175	10,176
Telephone & internet	1,211	110	81	1,402	1,376
Travel & meals	1,266	240	12	1,518	3,159
Utilities	1,630	148	108	1,886	2,076
Total expenses	<u>\$ 686,601</u>	<u>\$ 61,052</u>	<u>\$ 41,996</u>	<u>\$ 789,649</u>	<u>\$ 538,058</u>

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

**FOOD LITERACY CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	2020	2019
Cash flows from operating activities:		
Cash receipts from grants, contributions, and bequests	\$ 842,109	\$ 471,707
Cash from special events	69,546	98,225
Other cash receipts	5,548	62,204
Payments for salaries, benefits, etc.	(385,345)	(320,282)
Other cash payments to vendors	<u>(255,597)</u>	<u>(121,937)</u>
Net cash provided by operating activities	<u>276,261</u>	<u>189,917</u>
Cash flows from investing activities:		
Purchases of fixed assets	<u>(1,250)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,250)</u>	<u>-</u>
Net increase in cash	275,011	189,917
Cash and equivalents, beginning of year	<u>547,711</u>	<u>357,794</u>
Cash and equivalents, end of year	<u><u>\$ 822,722</u></u>	<u><u>\$ 547,711</u></u>

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

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – NATURE OF THE ORGANIZATION

Food Literacy Center (the Center, we, us, our) of Sacramento, California is an independent, not-for-profit organization that was incorporated on November 16, 2011. Our mission is to inspire kids to eat their vegetables. We teach children in low-income elementary schools cooking, nutrition, gardening, and active play to improve our health, environment, and economy. We are primarily funded through foundation and corporate grants, individual donations and special events.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-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- (or certain grantor-) imposed restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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 that resources be maintained in perpetuity. Donor-imposed 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. We report donor-restricted support whose restrictions are met in the same reporting period as support within net assets without donor restrictions.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Receivable

Grants and contributions receivable that are expected to be collected within one year are recorded at net realizable value. Grants and contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Based on historical experience, an assessment of economic conditions, and a review of subsequent collections, we expect all such contributions to be collectible. Accordingly, an allowance for uncollectible contributions has not been established as of December 31, 2020 or December 31, 2019.

Fixed Assets

Acquisitions of fixed assets in excess of \$2,500 are capitalized and stated at cost. Donated fixed assets are reported at fair value at the date of the gift. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Revenue and Revenue Recognition

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a 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.

A portion of our revenue is derived from cost-reimbursable federal, state, and foundation contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We have received cost-reimbursable grants totaling \$88,566 and \$-0- that have not been recognized as of December 31, 2020 and 2019, respectively, because qualifying expenditures have not yet been incurred. No amounts have been received in advance under our federal and state contracts and grants.

We recognize special event revenue when the events are held.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

The costs of providing our 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 our 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 status; 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.

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.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Presentation of Certain Prior Year Information

The statement of activities and statement of functional expenses include 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 our financial statements for the year ended December 31, 2019, from which the summarized information was derived.

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:

	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 822,722	\$ 547,711
Contributions receivable	202,989	62,223
Less: Board-designated amounts	<u>(440,000)</u>	<u>(290,000)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 585,711</u>	 <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.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 – CONTRIBUTIONS RECEIVABLE

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

	<u>2020</u>	<u>2019</u>
Amounts restricted to future periods	\$ <u>202,989</u>	\$ <u>80,723</u>
Total contributions receivable	\$ <u>202,989</u>	\$ <u>80,723</u>
Amounts due in:		
Less than one year	\$ 202,989	\$ 62,223
One to five years	<u> --</u>	<u> 18,500</u>
Total	\$ <u>202,989</u>	\$ <u>80,723</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.

NOTE 5 – FIXED ASSETS

Fixed assets consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 11,739	\$ 15,232
Kitchen equipment	3,818	8,834
Furniture and equipment	4,523	5,024
Construction in progress	1,250	--
Less: accumulated depreciation	<u>(14,952)</u>	<u>(20,235)</u>
Total fixed assets	\$ <u>6,378</u>	\$ <u>8,855</u>

Depreciation expense was \$3,727 and \$4,755 for the years ended December 31, 2020 and 2019, respectively.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6 – REFUNDABLE ADVANCE

We received a Paycheck Protection Program (PPP) loan established by the CARES Act and have elected to account for the funding as a conditional contribution by applying ASC Topic 958- 605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such an audit, adjustments could be required to the recognition of revenue. The PPP balance of \$67,415 is recognized as a refundable advance as of December 31, 2020, as conditions have not been met.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Subject to the passage of time:		
General program and administrative activities	\$ <u>253,244</u>	\$ <u>163,244</u>
Total net assets with donor restrictions	\$ <u>253,244</u>	\$ <u>163,244</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>2020</u>	<u>2019</u>
Expiration of time restriction	\$ <u>103,500</u>	\$ <u>43,357</u>

NOTE 8 – CONCENTRATIONS

For the year ended December 31, 2020, approximately 74% of contributions receivable was due from two funding sources.

For the year ended December 31, 2019, approximately 77% of contributions receivable was due from two funding sources.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 – 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 \$144,809 and \$88,344, for the years ended December 31, 2020 and 2019, 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 10 – FUNCTIONALIZED EXPENSES

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

NOTE 11 – CONTINGENCIES

We have been awarded certain grants and contracts and are subject to financial and compliance requirements of those grantors or their representatives. The amount of expense which may be disallowed by the granting agencies cannot be determined at this time although we do not expect such amounts, if any, to materially affect the financial statements.

**FOOD LITERACY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 – SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus (pandemic), economic uncertainties have occurred that may negatively impact our contribution revenue and program service activities. However, the related financial impact and duration of the pandemic cannot be reasonably estimated at this time.

The PPP loan of \$67,415 that is described in Note 6 was forgiven in full by the U.S. Small Business Administration on January 12, 2021.

On March 1, 2021, we entered into a ten year lease with the Sacramento City Unified School District (SCUSD) for the use of certain office space and land in the City of Sacramento. The lease calls for no payments to be made over the ten year period.

Management has reviewed the results of operations for the period of time from our year ended December 31, 2020 through March 9, 2021, the date the financial statements were available to be issued, and has 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.