

**Food Literacy Center  
Financial Statements  
December 31, 2018 and 2017**

**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, 2018 and 2017, 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***

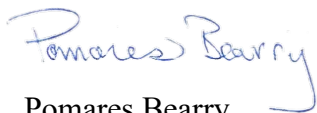
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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

July 31, 2019

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

<b>Assets</b>	<b>2018</b>	<b>2017</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 357,794	\$ 377,348
Pledges, Grants, and Other Receivables, Net of Allowance for Doubtful Accounts - Note 2	71,909	147,421
Prepaid Expenses	3,650	2,389
Other Current Assets	1,955	2,827
<b>Total Current Assets</b>	435,308	529,985
Fixed Assets, Net - Note 3	13,610	16,692
Security Deposit	2,200	2,200
<b>Total Assets</b>	\$ 451,118	\$ 548,877
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 25,760	\$ 35,988
Credit Cards Payable	2,949	3,357
Agency Transactions Payable	-	45,000
Lease Payable - Note 6	413	1,318
<b>Total Current Liabilities</b>	29,122	85,663
<b>Total Liabilities</b>	29,122	85,663
<b>Net Assets</b>		
Without Donor Restrictions	378,639	320,714
With Donor Restrictions - Note 7	43,357	142,500
<b>Total Net Assets</b>	421,996	463,214
<b>Total Liabilities and Net Assets</b>	\$ 451,118	\$ 548,877

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>2018</b>	<b>2017</b>
<b>Revenue and Support from Operations Without Donor Restrictions</b>		
Contributions	\$ 240,057	\$ 230,823
Grants	327,043	359,028
Program Revenue	10,222	3,110
In-Kind Goods and Services	96,472	62,137
Interest and Dividend Income	109	22
Other Income	634	1,030
<b>Total Revenue and Support Without Donor Restrictions before Special Events and Assets Released from Restriction</b>	<b>674,537</b>	<b>656,150</b>
Special Events	15,742	23,716
Less Direct Costs	(19,472)	(14,012)
<b>Net Special Events</b>	<b>(3,730)</b>	<b>9,704</b>
<b>Net Assets Released from Restriction</b>	<b>117,500</b>	<b>5,000</b>
<b>Total Revenue and Support from Operations Without Donor Restrictions</b>	<b>788,307</b>	<b>670,854</b>
<b>Operating Expenses</b>		
Program Services	582,755	442,076
General and Administrative	89,113	75,233
Fundraising	58,513	81,115
<b>Total Operating Expenses</b>	<b>730,381</b>	<b>598,424</b>
<b>Net Increase (Decrease) in Net Assets from Operations Without Donor Restrictions</b>	<b>57,926</b>	<b>72,430</b>
<b>Changes in Net Assets With Donor Restrictions</b>		
Grants	18,356	142,500
Net Assets Released from Restriction	(117,500)	(5,000)
<b>Net (Decrease) Increase in Net Assets With Donor Restrictions</b>	<b>(99,144)</b>	<b>137,500</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(41,218)</b>	<b>209,930</b>
<b>Net Assets, Beginning of Year</b>	<b>463,214</b>	<b>253,284</b>
<b>Net Assets, End of Year</b>	<b>\$ 421,996</b>	<b>\$ 463,214</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, 2018 and 2017**

	<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	\$ 410,530	\$ 31,331	\$ 20,304	\$ 51,635	\$ 462,165	\$ 389,468
Payroll Taxes	35,518	2,711	1,757	4,468	39,986	28,014
Other Employee Benefits	29,333	-	-	-	29,333	14,028
Accounting Services	5,530	5,530	-	5,530	11,060	10,326
Other Services	-	-	-	-	-	1,440
Office Expenses	3,624	-	-	-	3,624	4,550
Information Technology	3,450	-	-	-	3,450	4,403
Occupancy	8,822	8,822	-	8,822	17,644	15,581
Travel	4,731	-	-	-	4,731	7,427
Conferences and Meetings	818	-	-	-	818	878
Insurance	11,930	-	-	-	11,930	9,273
Program Expenses	18,619	-	-	-	18,619	19,581
Other Operations Expenses	16,587	1,738	535	2,273	18,860	22,930
Fund Development	-	-	18,609	18,609	18,609	14,177
Bad Debts	-	-	-	-	-	35
Interest Expense	30	-	-	-	30	132
In-Kind Goods and Services	29,761	38,034	16,825	54,859	84,620	52,298
<b>Total Expenses Before Depreciation</b>	<b>579,283</b>	<b>88,166</b>	<b>58,030</b>	<b>146,196</b>	<b>725,479</b>	<b>594,541</b>
Depreciation	3,472	947	483	1,430	4,902	3,883
<b>Total Expenses</b>	<b>\$ 582,755</b>	<b>\$ 89,113</b>	<b>\$ 58,513</b>	<b>\$ 147,626</b>	<b>\$ 730,381</b>	<b>\$ 598,424</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>2018</b>	<b>2017</b>
<b>Cash Flow from Operating Activities</b>		
Changes in Net Assets	\$ (41,218)	\$ 209,930
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities</b>		
Depreciation	4,902	3,883
In-Kind Contribution of Gift Cards	(2,150)	(599)
Purchases with Gift Cards	794	225
<b>(Increase) Decrease in Assets</b>		
Pledges, Grants, and Other Receivables	75,514	(116,917)
Prepaid Expense	966	(2,277)
<b>Increase (Decrease) in Operating Liabilities</b>		
Accounts Payable, Credit Cards Payable, and Accrued Expenses	(10,781)	3,487
Agency Transactions Payable	(45,000)	45,000
Deferred Revenue	144	-
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>24,389</b>	<b>(67,198)</b>
<b>Cash Flows from Investing Activities</b>		
Fixed Asset Purchases	(1,820)	(6,955)
<b>Net Cash (Used In) Investing Activities</b>	<b>(1,820)</b>	<b>(6,955)</b>
<b>Cash Flows from Financing Activities</b>		
Net Borrowings (Repayments) on Capital Leases	(905)	1,318
<b>Net Cash (Used In) Financing Activities</b>	<b>(905)</b>	<b>1,318</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(19,554)</b>	<b>137,095</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>377,348</b>	<b>240,253</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 357,794</b>	<b>\$ 377,348</b>
<b>Supplemental Information</b>		
Interest Paid	\$ 30	\$ 132
Noncash Transactions		
Donated Gift Cards	2,150	225
Donated Goods and Services	96,472	62,137

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, 2018 and 2017**

**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 net assets and changes in net assets are reported as follows:

Without Donor Restrictions - net assets that are available for use in general operations and not subject to donor-imposed restrictions.

With Donor Restrictions – net assets whose use by the Center is subject to donor-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 stated purpose for which the resource was restricted has been fulfilled, or both.

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 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, 2018 and 2017 were both zero.



**Food Literacy Center**  
**Notes to Financial Statements**  
**As of December 31, 2018 and 2017**

**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 net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restrictions 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 net assets without donor restrictions.

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 net assets without restriction.

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, 2018 and 2017**

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

J. Natural and 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.

The financial statements report certain categories of expenses that are attributable to more than one program or support function of the Center. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function include occupancy costs, which are allocated on square-footage basis, depreciation which is allocated based on use of assets, as well as salaries and wages, payroll taxes, accounting, and other operations which are allocated on the basis of estimates of time and effort.

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. Recent Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14), which changes the current net asset classification requirements and the information presented in financial statements and notes about an entity's liquidity, financial performance, and cash flows. The update replaces the requirement to present three classes of net assets with two classes: net assets with donor restrictions, and net assets without donor restrictions. The update also removes the requirement to present or disclose the indirect method (reconciliation) if using the direct method for the statement of cash flows, and adds several additional enhanced disclosures to the notes. The amendments in the is update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and interim periods beginning after December 15, 2018, with application to interim financial statements permitted but not required in the initial year of application. The Center adopted ASU 2016-14 for the calendar year ending December 31, 2018 and has adjusted the presentation of these consolidated financial statements accordingly, including changes to the presentation of net asset classification, inclusion of information about liquidity and availability of resources, and inclusion of information provided about expenses.

See Independent Accountants' Review Report.

**Food Literacy Center**  
**Notes to Financial Statements**  
**As of December 31, 2018 and 2017**

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

In accordance with ASU 2016-14, net assets as of December 31, 2017 have been reclassified as follows:

	As Adjusted	
	Without Donor Restrictions	With Donor Restrictions
As previously reported:		
Unrestricted	\$ 320,714	\$ -
Temporarily Restricted	-	142,500
Permanently Restricted	-	-
	\$ 320,714	\$ 142,500

M. Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation. Such reclassifications had no impact on the reported results of operations.

**Note 3 – Property and Equipment**

Property and Equipment at December 31, 2018 and 2017 consist of:

	<b>2018</b>	<b>2017</b>
Kitchen Equipment	\$ 8,834	\$ 8,834
Computer Equipment	15,232	14,055
Office Furniture and Equipment	5,024	4,381
	29,090	27,270
<b>Total Property and Equipment</b>	29,090	27,270
Less: Accumulated Depreciation	(15,480)	(10,578)
	\$ 13,610	\$ 16,692
<b>Property and Equipment, Net</b>	\$ 13,610	\$ 16,692

The depreciation expense for the years ended December 31, 2018 and 2017 was \$4,902 and \$3,883 respectively.

See Independent Accountants' Review Report.

**Food Literacy Center**  
**Notes to Financial Statements**  
**As of December 31, 2018 and 2017**

**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>	<b>2018</b>	<b>2017</b>
<b>Program</b>		
Executive Consulting	\$ 9,600	\$ -
PR Consulting	8,698	36,187
Photography	2,200	1,200
Graphic Design	150	750
<b>Total Program</b>	<b>20,648</b>	<b>38,137</b>
<b>General and Administrative</b>		
PR Consulting	34,792	-
Legal Services	-	1,293
Graphic Design	-	750
Photography	-	450
Security	-	300
<b>Total General and Administrative</b>	<b>34,792</b>	<b>2,793</b>
<b>Fundraising</b>		
Photography	1,325	1,775
Advertising	-	3,200
Design	8,000	1,950
Videography	7,500	-
<b>Total Fundraising</b>	<b>16,825</b>	<b>6,925</b>
<b>Total Contributed Services</b>	<b>\$ 72,265</b>	<b>\$ 47,855</b>

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, 2018 and 2017 is \$39,504 and \$71,325, respectively.

See Independent Accountants' Review Report.

**Food Literacy Center**  
**Notes to Financial Statements**  
**As of December 31, 2018 and 2017**

**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 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, 2018 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,**

2019	\$ 14,500
2020	-
2021	-
2022	-
Thereafter	<u>-</u>
<b>Total Minimum Lease Payments</b>	<b><u><u>\$ 14,500</u></u></b>

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, 2018 and 2017**

**Note 6 – Lease Commitments - Continued**

Future minimum lease payments are as follows:

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

	2019	\$	440
	2020		-
	2021		-
	2022		-
			-
	<b>Total Minimum Lease Payments</b>		440
Less: Amounts Representing Interest			(27)
			413
		<b>\$</b>	<b>413</b>

**Net 7 - Net Assets**

Net assets with donor restrictions are restricted to the following purposes:

	<b>2018</b>	<b>2017</b>
Net Asset Balance, Beginning of Year	\$ 142,500	\$ 5,000
Grants Funds for 2019 Programs	18,357	-
Grant Funds for 2018 Programs	-	142,500
Grant Funds Released from 2018 Programs	(117,500)	-
Grant Funds Released for 2017 Programs	-	(5,000)
	-	(5,000)
<b>Net Asset Balance, End of Year</b>	<b>\$ 43,357</b>	<b>\$ 142,500</b>

**Food Literacy Center**  
**Notes to Financial Statements**  
**As of December 31, 2018 and 2017**

**Note 9 – Liquidity Disclosure**

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

**Financial Assets, at year-end**

Cash and Cash Equivalents	\$ 357,794
Contributions Receivable, Net	71,909
Gift Cards	1,955

Less Those Unavailable for General Expenditures within one year, due to:

Contractual or Donor-Imposed Restrictions:

Restricted by Donor With Time or Purpose Restrictions	-
Subject to Appropriation and Satisfaction of Donor Restrictions	-

Board Designations:

Quasi-Endowment Fund, Primarily for Long-Term Investing	-
Amounts Set Aside for Liquidity Reserve	-

<b>Financial Assets Available to Meet Cash Needs For General Expenditures Within One Year</b>	<b>\$ 431,658</b>
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Food Literacy Center has certain assets limited to use which are available for general expenditure within one year in the normal course of operations. Those assets are associated with timing restrictions on grants primarily. Accordingly, these assets have been included in the quantitative information above.

The Center manages its liquidity by developing annual operating budgets that provide sufficient funds to support operating expenditures, liabilities, and other obligations. Food Literacy Center’s cash needs are expected to be met through operating revenue sources.

The Center is planning an upcoming expansion and move to a new cooking school at the end of 2020. At that time, some of their cash and cash equivalents may be used for this expansion project but are currently neither board designated or donor restricted. The center will continue to make available its cash for general operating expenditures, if needed, over the next year.

**Note 10 – 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 31, 2019, which is the date the financial statements were available to be issued.

See Independent Accountants’ Review Report.