
Equitable Food Initiative (EFI)

Financial Statements
And
Independent Auditor's Report

Year Ended December 31, 2015

TABLE OF CONTENTS

Independent Auditor's Report	3 - 4
Statement of Financial Position	5
Statement of Activities	6
Statement of Cash Flows	7
Statement of Functional Expenses	8
Notes to Financial Statements	9 - 12



Independent Auditor's Report

To the Board of Directors
Equitable Food Initiative (EFI)

We have audited the accompanying financial statements of the Equitable Food Initiative (EFI), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EFI as of December 31, 2015, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Abercrombie & Associates, LLC

Abercrombie & Associates, LLC
June 22, 2016
Silver Spring, MD

EFI
Statement of Financial Position
December 31, 2015

	<u>2015</u>
ASSETS	
Cash and cash equivalents	\$ 799,909
Grants and accounts receivable	2,975,007
Prepaid expenses	8,807
Deposits	4,875
TOTAL ASSETS	<u>\$3,788,598</u>
 LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	<u>\$ 219,394</u>
Total Liabilities	<u>219,394</u>
 NET ASSETS	
Unrestricted	(57,415)
Restricted	<u>3,626,619</u>
Total Net Assets	<u>3,569,204</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,788,598</u>

The accompanying notes are an integral part of the financial statements

EFI
Statement of Activities
Year Ended December 31, 2015

Revenue	Unrestricted	Temporarily Restricted	2015 Total
Contributions and grants	\$ 1,784	\$ 4,858,393	\$4,860,177
In-kind contributions	34,906		34,906
Program income	53,000		53,000
Net assets released from restrictions	1,231,774	(1,231,774)	-
Total Revenue and Support	<u>1,321,464</u>	<u>3,626,619</u>	<u>4,948,083</u>
 Expenses			
Program Service	1,157,200	-	1,157,200
Management and General	216,568	-	216,568
Fundraising	5,111	-	5,111
Total Expenses	<u>1,378,879</u>	<u>-</u>	<u>1,378,879</u>
Change in Net Assets	(57,415)	3,626,619	3,569,204
Net Assets, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ (57,415)</u>	<u>\$ 3,626,619</u>	<u>\$ 3,569,204</u>

The accompanying notes are an integral part of the financial statements

EFI
Statement of Cash Flows
Year Ended December 31, 2015

	2015
Cash Flows from Operating Activities	
Change in net assets	\$ 3,569,204
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:	
(Increase) in receivables	(2,975,007)
(Increase) in prepaid expenses	(8,807)
(Increase) in deposits	(4,875)
Increase in accounts payable & accrued expenses	219,394
Net cash provided by operating activities	799,909
Cash Flows from Investing Activities	
Net cash provided (used) by investing activities	-
Cash Flows from Financing Activities	
Net cash provided by financing activities	-
Increase (decrease) in Cash and Cash Equivalents	799,909
Cash and Cash Equivalents, Beginning of Year	-
Cash and Cash Equivalents, End of Year	\$ 799,909
Cash paid for interest	-

The accompanying notes are an integral part of the financial statements

EFI
Statement of Functional Expenses
Year Ended December 31, 2015

	Program Expenses	Management & General Expenses	Fundraising Expenses	2015 Total Expenses
Salaries	341,908	109,071	3,156	454,135
Fringe benefits	35,368	11,977	269	47,614
Payroll taxes	28,964	8,686	241	37,891
Consultants, professional fees	327,497	36,723	964	365,184
Rent	12,594	4,018	115	16,727
Information technology	3,927	3,234	29	7,190
Office supplies, equipment	9,250	4,616	78	13,944
Memberships, subscriptions	7,625	3,320	-	10,945
Printing	8,718	2,047	-	10,765
Insurance	11,288	3,601	103	14,992
Meetings	23,728	18,187	156	42,071
Travel	116,333	11,088	-	127,421
Regrant to non profit	230,000	-	-	230,000
Total	1,157,200	216,568	5,111	1,378,879

The accompanying notes are an integral part of the financial statements

EFI
Notes to Financial Statements
December 31, 2015

Note 1 – Organization and Summary of Accounting Policies

Organization

The Equitable Food Initiative (EFI) is a 501(c)(3) organization incorporated in 2015 under the laws of California. EFI brings together workers, growers and retailers in the effort to produce better fruits and vegetables. As produce farms comply with the EFI Standard – for improved working conditions, pesticide management, and food safety – the entire food system sees benefits, all the way from farm workers to consumers.

Basis of accounting

The financial statements of EFI have been prepared on the accrual basis of accounting in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Tax status

EFI has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the EFI is not a private foundation. EFI is required to report unrelated business income to the Internal Revenue Service and the District of Columbia.

Uncertain tax positions

The Financial Accounting Standards Board (FASB) has released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2015, EFI has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service generally for three years after it is filed.

Cash and Cash equivalents

For financial statement purposes, cash and cash equivalents include operating cash accounts, petty cash and highly liquid, short-term instruments with original maturities of three months or less.

Net Assets

EFI has established the following net asset categories:

Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of EFI.

EFI
Notes to Financial Statements
December 31, 2015

Temporarily restricted net assets include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of EFI and/or the passage of time. 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 restrictions.

Permanently restricted net assets are subject to donor-imposed stipulations that they be permanently maintained by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on these assets.

Revenue recognition

EFI recognizes revenue when it is earned. Revenues are recorded at the time pledges are made, corporate support is pledged, products are shipped, services are performed, or obligations are fulfilled. Contributions are reported in accordance with the provisions of FASB ASC 958-605, *Revenue Recognition*.

Property and equipment

Property and equipment consist of furniture, office equipment, computer equipment and intangible assets recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. EFI's capitalization policy currently records property and equipment acquisitions over \$5,000 with an expected life of more than a year. At December 31, 2015, EFI did not have any property and equipment.

Donated services, goods and facilities

Donated professional services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Advertising Costs

Advertising costs are expensed as incurred.

Use of estimates

Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Note 2 - Accounts Receivable

EFI uses the allowance method to account for uncollectible receivables. Receivables are determined uncollectible based on management's review. As of December 31, 2015, allowance for uncollectible receivables was zero.

Accounts receivable due in less than one year	<u>\$ 2,975,007</u>
---	---------------------

EFI
Notes to Financial Statements
December 31, 2015

Note 3 - Net Assets Released From Restrictions

Net assets were released from donor imposed restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for the year ended December 31, 2015.

Program purpose	\$ 1,129,274
Expiration of time restriction	<u>102,500</u>
Total	<u>\$ 1,231,774</u>

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2015:

Program purpose	\$ 2,909,119
Time restricted	<u>717,500</u>
Total	<u>\$ 3,626,619</u>

Note 5 - Commitments

EFI leases their office space in Washington, DC under a month to month operating lease. Rent expense for the year ended December 31, 2015 was \$16,727.

Note 6 - Retirement Plan

EFI will make a fixed contribution to a recognized 403b or 401k plan equivalent to 5% of salary for full time employees. Employees are 40% vested after one year, 60% after two years, 80% after three years, and full vested four years after the initial hire date.

EFI's contribution was \$23,550 for 2015.

Note 7 – In-kind Contributions

EFI received \$34,906 in donated legal services in 2015.

EFI
Notes to Financial Statements
December 31, 2015

Note 8 - Concentration of Credit Risk

Financial instruments that potentially expose EFI to concentrations of credit risk consist primarily of cash and cash equivalents. Bank deposit accounts at one institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. EFI maintained checking account balances which were in excess of federally insured limits (FDIC) at December 31, 2015. Management believes the risk is managed by maintaining all deposits with high quality financial institutions. EFI has not experienced, nor does it anticipate any loss of funds from its current concentration of risk.

Note 9 - Functional Allocation of Expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative costs have been allocated, when appropriate, to the programs and supporting services proportionately based on direct personnel costs.

Note 10 - Subsequent events

In preparing these financial statements, EFI has evaluated events and transactions for potential recognition or disclosure through June 22, 2016, the date the financial statements were issued.