



# California Food Policy Advocates

## Financial Statements

*For the year ended*

*June 30, 2015*

With Independent Auditors' Report

**CALIFORNIA FOOD POLICY ADVOCATES**

**(A California Not-For-Profit Corporation)**

**June 30, 2015**

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## INDEPENDENT AUDITORS' REPORT

### **The Board of Directors California Food Policy Advocates**

We have audited the accompanying financial statements of California Food Policy Advocates (a California nonprofit organization) which comprise the statement of financial position as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 California Food Policy Advocates as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Other Matters*

The prior year summarized comparative information has been derived from California Food Policy Advocates' June 30, 2014 financial statements. In our report dated October 10, 2014, we expressed an unqualified opinion on those financial statements.

*Danville, California  
November 4, 2015*

*Regalia & Associates*

# CALIFORNIA FOOD POLICY ADVOCATES

## Statements of Financial Position June 30, 2015 and 2014

### ASSETS

	2015	2014
Current assets:		
Cash and cash equivalents	\$ 1,317,833	\$ 1,363,055
Grants and accounts receivable	431,859	55,553
Prepaid expenses	22,824	36,320
Total current assets	1,772,516	1,454,928
Other Assets	20,899	5,399
Property and equipment, net	24,114	35,291
	<u>\$ 1,817,529</u>	<u>\$ 1,495,618</u>

### LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 120,813	\$ 115,566
Accrued payroll liabilities	27,350	45,863
Other liabilities	350	700
Total current liabilities	148,513	162,129
Net assets:		
Unrestricted	998,036	1,203,202
Temporarily restricted	670,980	130,287
Total net assets	1,669,016	1,333,489
	<u>\$ 1,817,529</u>	<u>\$ 1,495,618</u>

# CALIFORNIA FOOD POLICY ADVOCATES

## Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2015

*(with Summarized Financial Information for the Year Ended June 30, 2014)*

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total 2015</b>	<b>Total 2014</b>
<i>Changes in unrestricted net assets:</i>				
Revenue and support:				
Conference fees and membership dues	\$ 92,100	\$ -	\$ <b>92,100</b>	\$ 89,797
Contributions, donations and grants	316,601	1,116,000	<b>1,432,601</b>	929,839
Government and other contracts	202,607	-	<b>202,607</b>	373,111
Other	21,245	-	<b>21,245</b>	18,941
Total unrestricted revenue and support	632,553	1,116,000	<b>1,748,553</b>	1,411,688
Net assets released from restriction	575,307	(575,307)	-	-
Total revenue and support	1,207,860	540,693	<b>1,748,553</b>	1,411,688
Expenses:				
Program	1,209,283	-	<b>1,209,283</b>	1,627,125
General and administrative	141,218	-	<b>141,218</b>	162,129
Fundraising	62,525	-	<b>62,525</b>	64,225
Total expenses	1,413,026	-	<b>1,413,026</b>	1,853,479
Increase (decrease) in net assets	(205,166)	540,693	<b>335,527</b>	(441,791)
Net assets-beginning of year	1,203,202	130,287	<b>1,333,489</b>	1,775,280
Net assets-end of year	\$ 998,036	\$ 670,980	<b>\$ 1,669,016</b>	\$ 1,333,489

# CALIFORNIA FOOD POLICY ADVOCATES

## Statements of Cash Flows For the Years Ended June 30, 2015 and 2014

	2015	2014
<i>Operating activities:</i>		
Increase (decrease) in net assets	\$ 335,527	\$ (441,791)
Adjustments to reconcile to cash provided by operating activities:		
Depreciation	15,713	18,483
Changes in:		
Grants and accounts receivable	(376,306)	219,744
Other assets	(15,500)	2,000
Prepaid expenses	13,496	(9,030)
Accounts payable and accrued liabilities	5,247	4,462
Accrued payroll liabilities	(18,513)	(70,847)
Other liabilities	(350)	700
Cash used for operating activities	(40,686)	(276,279)
 <i>Investing activities:</i>		
Acquisition of property and equipment	(4,536)	(5,100)
Cash used for investing activities	(4,536)	(5,100)
 <i>Financing activities:</i>		
Prior period adjustment	-	77,447
Cash provided by financing activities	-	77,447
Decrease in cash and cash equivalents	(45,222)	(203,932)
Cash and cash equivalents at beginning of year	1,363,055	1,566,987
Cash and cash equivalents at end of year	\$ 1,317,833	\$ 1,363,055
 <i>Additional cash flow information:</i>		
State registration taxes paid	\$ 150	\$ 150
Interest paid	\$ -	\$ -

# CALIFORNIA FOOD POLICY ADVOCATES

## Statement of Functional Expenses

For the Year Ended June 30, 2015

*(with Summarized Financial Information for the Year Ended June 30, 2014)*

	General and			2015 Total	2014 Total
	Program Activities	Admin- istrative	Fund- raising		
Advertising and promotion	\$ 3,294	\$ 485	\$ 215	\$ 3,994	\$ 180
Depreciation	12,960	1,908	845	15,713	18,483
Dues, publications and memberships	3,483	182	81	3,746	7,960
Insurance	8,659	1,247	552	10,458	11,152
Legal, accounting and professional fees	174,933	7,516	3,328	185,777	318,494
Lobbying fees	17,351	1,155	511	19,017	35,358
Miscellaneous	3,545	352	155	4,052	13,384
Occupancy	94,176	10,856	4,807	109,839	107,263
Office and supplies	5,164	439	195	5,798	12,329
Personnel expenses	761,100	112,064	49,617	922,781	1,186,253
Postage and shipping	926	88	39	1,053	2,247
Printing & copying	5,957	872	386	7,215	13,767
Telecommunications	16,749	1,244	550	18,543	22,895
Travel, conferences and meetings	100,986	2,810	1,244	105,040	103,714
<b>Totals</b>	<b>\$ 1,209,283</b>	<b>\$ 141,218</b>	<b>\$ 62,525</b>	<b>\$ 1,413,026</b>	<b>\$ 1,853,479</b>

Notes to Financial Statements  
June 30, 2015

**1. Organization**

California Food Policy Advocates (CFPA) was incorporated in August 1992 as a California nonprofit public benefit corporation dedicated to improving the health and well-being of low-income Californians by increasing their access to nutritious, affordable food.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of CFPA have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

*Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, CFPA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. CFPA had no permanently restricted net assets as of June 30, 2015 or 2014.

*Support and Revenue Recognition*

CFPA records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions, donations and grants restricted by the donor for particular purposes are deemed to be earned and are reported as revenue and support when CFPA has incurred expenditures in compliance with the specific restrictions. Such amounts received or receivable but not yet earned are included as temporarily restricted net assets on the statements of financial position.

*Cash and Cash Equivalents*

Cash and cash equivalents are defined as cash, savings and deposits that have a maturity of less than three months when acquired.

*Grants Receivable*

Grants receivable are recognized as unrestricted or temporarily restricted contributed revenue when the contractual obligation is received. All receivables are reflected at their estimated net realizable value.

*Functional Allocation of Expenses*

The costs of providing CFPA's various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

*Advertising Expense*

Advertising costs are expensed as incurred. Advertising expense amounted to \$3,994 and \$180 for the years ended June 30, 2015 and 2014, respectively, and is included with miscellaneous expenses on the statement of functional expenses.

*Property and Equipment*

Property and equipment purchased by CFPA is stated at cost. Property and equipment donated to CFPA is recorded at estimated fair value as of the date of the gift. The costs of additions and major improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets of five years.

*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 certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

*Income Taxes*

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, CFPA is required to report information regarding its exposure to various tax positions taken by CFPA and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that CFPA has adequately evaluated its current tax positions and has concluded that as of June 30, 2015, CFPA does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

CFPA has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that CFPA continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. CFPA receives unrelated business income requiring CFPA to file separate tax returns under federal and state statutes.

*Fiscal Agent*

During the years ended June 30, 2015 and 2014, CFPA acted as the fiscal agent for Child Care Food Program Roundtable, receiving conference income and dues of \$92,100 and \$89,797, respectively, and expending \$63,017 and \$88,493, respectively.

*Reclassifications*

Certain reclassifications have been made to the 2014 financial statements in order to conform to the presentation used in 2015.

**Notes to Financial Statements**

**3. Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2015 and 2014, respectively, include all funds in banks and a money market mutual fund maintained at Fidelity Investments. The composition of cash and cash equivalents is as follows at June 30:

	<u>2015</u>		<u>2014</u>
Checking	\$ 276,213	\$	121,540
Money market funds	1,041,620		1,241,515
Total cash and cash equivalents	<u>\$ 1,317,833</u>	\$	<u>1,363,055</u>

**4. Grants and Accounts Receivable**

Grants and accounts receivable of \$431,859 and \$55,553 at June 30, 2015 and 2014, respectively, represent funds due from various organizations and government entities and are reflected at their net realizable value. CFPA uses the direct write-off method with regards to receivables deemed uncollectible. There were no bad debts for the years ended June 30, 2015 or 2014. Management has evaluated the receivables as of June 30, 2015 and determined that such amounts are fully collectible based on the financial strength of the donors involved.

**5. Property and Equipment**

Property and equipment consist of the following:

	<u>2015</u>		<u>2014</u>
Furniture and equipment	\$ 104,537	\$	100,001
Less: accumulated depreciation	(80,423)		(64,710)
Property and equipment, net	<u>\$ 24,114</u>	\$	<u>35,291</u>

Depreciation expense amounted to \$15,713 and \$18,483 for the years ended June 30, 2015 and 2014, respectively.

**6. Lease Commitments**

CFPA leases office space in Oakland under a multi-year operating lease expiring September 30, 2016. The lease requires a monthly rental payment of \$6,388 per month as of June 30, 2015, with stipulated rent increases each October 1st. CFPA also leased office space in Los Angeles under an operating lease which expired June 30, 2014. This lease has now reverted to a month-to-month rental agreement.

*(continued)*

**Notes to Financial Statements**

**6. Lease Commitments** *(continued)*

Rent expense amounted to \$109,839 and \$107,263 for the years ended June 30, 2015 and 2014, respectively, and is reflected as occupancy expense on the statement of functional expenses. CFPA also leases certain office equipment under short-term operating lease agreements.

Minimum annual payments on operating leases extending beyond one year are as follows:

Year ending June 30, 2016	\$ 83,430
Year ending June 30, 2017	23,994
Year ending June 30, 2018	3,857

CFPA subleases certain portions of its Oakland and Los Angeles office spaces under separate sublease agreements. During the years ended June 30, 2015 and 2014, CFPA recognized \$20,800 and \$15,000, respectively, in sublease income.

**7. Retirement Plan**

CFPA offers employees the opportunity for participation in a salary reduction retirement plan qualified under Internal Revenue Code Section 403(b). Substantially all full-time employees are eligible for participation in the plan and are 100% vested in their deferred compensation balances. CFPA makes contributions to the plan as determined annually by the organization's Board of Directors. During the years ended June 30, 2015 and 2014, CFPA contributed \$25,717 and \$32,631, respectively, to the plan.

**8. Temporarily Restricted Net Assets**

CFPA recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following at June 30, 2015 and 2014:

	2015		2014
Future periods	\$ -	\$	25,706
Los Angeles based programs	341,722		69,706
Specific food policy programs	329,258		34,875
Total temporarily restricted net assets	<u>\$ 670,980</u>	\$	<u>130,287</u>

During the years ended June 30, 2015 and 2014, contributions to temporarily restricted net assets amounted to \$1,116,000 and \$104,581, respectively. During the years ended June 30, 2015 and 2014, CFPA released \$575,307 and \$489,639, respectively, from temporarily restricted net assets to unrestricted net assets.

Notes to Financial Statements

**9. Compensated Absences (Accrued Payroll and Related Benefits)**

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, CFPA is required to record a liability for the estimated amounts of compensation for vacation and sick leave. Employees are permitted to accrue a specific number of hours for estimated future absences, and such accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the fiscal year. Accrued benefits amounted to \$27,350 and \$45,863 at June 30, 2015 and 2014, respectively. Pursuant to a Board resolution, certain employees may also be permitted to take up to a two-month sabbatical leave if certain conditions are met. No accrual has been established for any potential sabbatical costs as of June 30, 2015 or 2014.

**10. Other Commitments and Contingencies**

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future program activities, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate CFPA to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond CFPA's control, such as generosity of donors and general economic conditions, (c) Employment contracts and service agreements with outside contractors, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments or contingencies have been properly addressed, appropriate amounts have been accrued (where necessary), and there will not be any resolution with a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting agencies.

**11. Subsequent Events**

In compliance with ASC 855, *Subsequent Events*, CFPA has evaluated subsequent events through November 4, 2015, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.