
CALIFORNIA FOOD POLICY ADVOCATES

FINANCIAL STATEMENTS

June 30, 2010 and 2009

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

California Food Policy Advocates

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INDEPENDENT AUDITORS' REPORT

Board of Directors
California Food Policy Advocates
Oakland, California

We have audited the accompanying statement of financial position of California Food Policy Advocates (a nonprofit California corporation) as of June 30, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants
Oakland, California
April 4, 2011

California Food Policy Advocates

Statement of Financial Position June 30, 2010 and 2009

	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	\$ 505,078	\$ 709,920
Certificates of deposit	1,050,000	-
Accounts receivable	87,151	-
Grants receivable	476,778	979,427
Prepaid expenses	37,090	39,081
Total Current Assets	<u>2,156,097</u>	<u>1,728,428</u>
Property and equipment, net (Note 3)	24,860	17,870
Deposits	5,399	4,099
Total Assets	<u>\$ 2,186,356</u>	<u>\$ 1,750,397</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 125,430	\$ 168,418
Total Current Liabilities	<u>125,430</u>	<u>168,418</u>
Total Liabilities	<u>125,430</u>	<u>168,418</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	520,964	195,290
Temporarily restricted (Note 6)	<u>1,539,962</u>	<u>1,386,689</u>
Total Net Assets	<u>2,060,926</u>	<u>1,581,979</u>
Total Liabilities and Net Assets	<u>\$ 2,186,356</u>	<u>\$ 1,750,397</u>

See Notes to the Financial Statements

California Food Policy Advocates

Statement of Activities For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Support			
Foundation and community grants	\$ 134,923	\$ 1,643,681	\$ 1,778,604
Contributions	14,425		14,425
Total Support	149,348	1,643,681	1,793,029
Revenue			
Membership dues	10,955		10,955
Contract fee	90,000		90,000
Conference fees	83,680		83,680
Interest income	3,862		3,862
Other income	9,117		9,117
Total Revenue	197,614	-	197,614
Net assets released from restrictions (Note 6)	1,490,408	(1,490,408)	-
Total Support and Revenue	1,837,370	153,273	1,990,643
Expenses			
Program	1,277,378		1,277,378
General and administrative	196,012		196,012
Fundraising	38,306		38,306
Total Expenses	1,511,696	-	1,511,696
Change in Net Assets	325,674	153,273	478,947
Net Assets, beginning of year	195,290	1,386,689	1,581,979
Net Assets, end of year	\$ 520,964	\$ 1,539,962	\$ 2,060,926

See Notes to the Financial Statements

California Food Policy Advocates

Statement of Activities For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Support			
Foundation and community grants	\$ 600	\$ 567,079	\$ 567,679
Contributions	33,958		33,958
Total Support	34,558	567,079	601,637
Revenue			
Membership dues	10,815		10,815
Conference fees	81,053		81,053
Interest income	6,552		6,552
Other income	5,676		5,676
Total Revenue	104,096	-	104,096
Net assets released from restrictions (Note 6)	924,736	(924,736)	-
Total Support and Revenue	1,063,390	(357,657)	705,733
Expenses			
Program	1,030,383		1,030,383
General and administrative	135,419		135,419
Fundraising	28,026		28,026
Total Expenses	1,193,828	-	1,193,828
Change in Net Assets	(130,438)	(357,657)	(488,095)
Net Assets, beginning of year	325,728	1,744,346	2,070,074
Net Assets, end of year	\$ 195,290	\$ 1,386,689	\$ 1,581,979

See Notes to the Financial Statements

California Food Policy Advocates

Statement of Cash Flows For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 478,947	\$ (488,095)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	9,030	5,904
Change in assets and liabilities:		
Accounts receivable	(87,151)	-
Contracts/Grants receivable	502,649	286,327
Prepaid expenses	1,991	(26,638)
Deposits	(1,300)	4,803
Accounts payable and accrued expenses	(42,988)	68,748
Due to fiscal agency	-	(3,703)
Net cash provided (used) by operating activities	<u>861,178</u>	<u>(152,654)</u>
Cash flows from investing activities:		
Purchase of investments	(1,050,000)	-
Equipment purchases	(16,020)	(4,586)
Net cash used by investing activities	<u>(1,066,020)</u>	<u>(4,586)</u>
Net change in cash	<u>(204,842)</u>	<u>(157,240)</u>
Cash and cash equivalents, beginning of year	<u>709,920</u>	<u>867,160</u>
Cash and cash equivalents, end of year	<u>\$ 505,078</u>	<u>\$ 709,920</u>

See Notes to the Financial Statements

California Food Policy Advocates

Statement of Functional Expenses For the Year Ended June 30, 2010

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 550,990	\$ 114,095	\$ 23,712	\$ 688,797
Pension contributions	16,936	3,507	729	21,172
Employee benefits	106,533	22,060	4,584	133,177
Payroll taxes	48,205	9,982	2,075	60,262
	<u>722,664</u>	<u>149,644</u>	<u>31,100</u>	<u>903,408</u>
Accounting	-	10,204	-	10,204
Fees for service	303,701	-	-	303,701
Advertising and promotion	-	1,437	-	1,437
Supplies	7,944	1,645	342	9,931
Telephone	44,154	9,143	1,900	55,197
Postage / shipping	1,165	241	50	1,456
Copy / printing	6,264	1,297	270	7,831
Occupancy	57,887	11,987	2,491	72,365
Travel, meals and entertainment	38,256	7,922	1,646	47,824
Conferences, conventions, meetings	83,198	-	-	83,198
Depreciation	7,223	1,496	311	9,030
Insurance	3,824	792	165	4,781
Dues, licenses, service fees	730	151	31	912
Other - Relocation	111	-	-	111
Miscellaneous	257	53	-	310
Total Expenses	<u>\$ 1,277,378</u>	<u>\$ 196,012</u>	<u>\$ 38,306</u>	<u>\$ 1,511,696</u>

See Notes to the Financial statements

California Food Policy Advocates

Statement of Functional Expenses For the Year Ended June 30, 2009

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 480,250	\$ 79,778	\$ 18,109	\$ 578,137
Pension contributions	16,521	2,745	623	19,889
Employee benefits	65,714	10,916	2,478	79,108
Payroll taxes	41,341	6,867	1,559	49,767
	<u>603,826</u>	<u>100,306</u>	<u>22,769</u>	<u>726,901</u>
Fees for service	195,931	10,111	-	206,042
Advertising and promotion	-	1,850	-	1,850
Supplies	9,098	1,511	343	10,952
Telephone	34,308	5,699	1,294	41,301
Postage / shipping	1,242	206	47	1,495
Copy / printing	5,944	987	224	7,155
Occupancy	41,348	6,869	1,559	49,776
Travel, meals and entertainment	36,858	6,123	1,390	44,371
Conferences, conventions, meetings	91,249	-	-	91,249
Depreciation	4,904	815	185	5,904
Insurance	4,041	671	153	4,865
Dues, licenses, service fees	671	111	26	808
Other - Relocation	694	115	26	835
Miscellaneous	269	45	10	324
Total Expenses	<u>\$ 1,030,114</u>	<u>\$ 135,374</u>	<u>\$ 28,016</u>	<u>\$ 1,193,828</u>

See Notes to the Financial Statements

CALIFORNIA FOOD POLICY ADVOCATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1: NATURE OF ACTIVITIES

California Food Policy Advocates (the Organization) is a California nonprofit public benefit organization dedicated to improving the health and well-being of low income Californians by increasing their access to nutritious and affordable food.

As California's only statewide anti-poverty program with a focus on hunger and malnutrition among low-income people, the Organization employs a variety of strategies to develop and implement public policies that recognize the value of adequate nutrition and its fundamental contribution to good health and development, education and productivity. These strategies include:

- Research that demonstrates the scope and nature of hunger in California and the efficacy of public and private food programs in mitigating it.
- Development and promotions of strategies and programs to meet the nutrition needs of low-income communities and individuals.
- Public education and advocacy to ensure the inclusion of nutrition in the formation and implementation of sound public policy.
- Technical assistance, training and support to low-income communities in their efforts to identify and overcome hunger and hunger-related deficiencies.
- Collaboration, through conferences, communication and coalition building, among food program providers and other community-based organizations throughout California to facilitate their working together to mitigate hunger and poverty.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Organization reports 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.

Revenue Recognition

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

CALIFORNIA FOOD POLICY ADVOCATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents.

Grants Receivable

Grants receivable consist principally of amounts due from other nonprofit organizations and a Cy Pres settlement. The Organization believes that all grants will be fully collected within one year. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions and has concluded that as of June 30, 2010, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Fair Value of Financial Instruments

The fair values of financial instruments represent the quoted marked prices for similar assets or liabilities in active markets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CALIFORNIA FOOD POLICY ADVOCATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of the date that the financial statements were available for distribution there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 134,590	\$ 118,570
less accumulated depreciation	<u>(109,730)</u>	<u>(100,700)</u>
Total	<u>\$ 24,860</u>	<u>\$ 17,870</u>

NOTE 4: COMMITMENTS

The Organization is party to an office space lease in Oakland, California, which expires in September 2011, a copier lease which expires in June 2011, and a telephone equipment lease which expires in October 2012. Future minimum operating lease payments are as follows for the years ending June 30:

2011	\$ 84,708
2012	21,342
2013	<u>756</u>
Total	<u>\$ 106,806</u>

Rent for the year ended June 30, 2010 and 2009 was \$72,365 and \$49,776, respectively.

NOTE 5: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

CALIFORNIA FOOD POLICY ADVOCATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as follows at June 30:

	<u>2010</u>	<u>2009</u>
Cal Fresh education and access	\$ 405,975	\$ 20,024
Nutrition in Schools and Day Care	470,105	919,362
Future operations	<u>663,882</u>	<u>447,303</u>
Total	<u>\$ 1,539,962</u>	<u>\$ 1,386,689</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows for the year ended June 30:

	<u>2010</u>	<u>2009</u>
Cal Fresh education and access	\$ 615,692	\$ 85,681
Nutrition in Schools and Day Care	597,058	571,564
Expiration of time restriction	<u>277,658</u>	<u>267,491</u>
Total	<u>\$ 1,490,408</u>	<u>\$ 924,736</u>

NOTE 7: RETIREMENT PLAN

The Organization has available to qualified employees an IRS Section 403(b) retirement plan. The plan provides for automatic employer contributions equaling 4% of each qualified employee's salary. A qualified employee is one who has been employed by the Organization for at least 90 days and works at least 20 hours per week. Employer contributions to the plan during the years ended June 30, 2010 and 2009 were \$21,172 and \$19,889 respectively.

NOTE 8: RELATED PARTY

A research firm, whose principal is a board member of the Organization, was paid \$49,600 and \$18,332 to provide program services during the years ended June 30, 2010 and 2009 respectively.