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# **CALIFORNIA FOOD POLICY ADVOCATES**

## **FINANCIAL STATEMENTS**

**June 30, 2011 and 2010**

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**CROSBY & KANEDA**  
Certified Public Accountants

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Dedicated to Nonprofit Organizations

# California Food Policy Advocates

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**CROSBY & KANEDA**Certified Public Accountants

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Dedicated to Nonprofit Organizations

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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, 2011 and 2010, 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, 2011 and 2010, 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  
November 1, 2011

# California Food Policy Advocates

## Statement of Financial Position June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,446,194	\$ 505,078
Certificates of deposit	-	1,050,000
Accounts receivable	135,166	87,151
Grants receivable	392,745	476,778
Prepaid expenses	11,929	37,090
Total Current Assets	<u>1,986,034</u>	<u>2,156,097</u>
Property and equipment, net (Note 3)	21,460	24,860
Deposits	5,399	5,399
Total Assets	<u>\$ 2,012,893</u>	<u>\$ 2,186,356</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 239,006	\$ 125,430
Total Current Liabilities	<u>239,006</u>	<u>125,430</u>
Total Liabilities	<u>239,006</u>	<u>125,430</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	884,470	520,964
Temporarily restricted (Note 6)	<u>889,417</u>	<u>1,539,962</u>
Total Net Assets	<u>1,773,887</u>	<u>2,060,926</u>
Total Liabilities and Net Assets	<u>\$ 2,012,893</u>	<u>\$ 2,186,356</u>

See Notes to the Financial Statements

# California Food Policy Advocates

## Statement of Activities For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Support			
Foundation and community grants	\$ 144,455	\$ 1,050,217	\$ 1,194,672
Contributions	400		400
Total Support	<u>144,855</u>	<u>1,050,217</u>	<u>1,195,072</u>
Revenue			
Membership dues	9,980		9,980
Contract Fee	216,067		216,067
Conference fees	76,675		76,675
Interest income	5,808		5,808
Other income	18,368		18,368
Total Revenue	<u>326,898</u>	<u>-</u>	<u>326,898</u>
Net assets released from restrictions (Note 6)	<u>1,700,762</u>	<u>(1,700,762)</u>	<u>-</u>
Total Support and Revenue	<u>2,172,515</u>	<u>(650,545)</u>	<u>1,521,970</u>
<b>Expenses</b>			
Program	1,561,505		1,561,505
General and administrative	208,125		208,125
Fundraising	39,379		39,379
Total Expenses	<u>1,809,009</u>	<u>-</u>	<u>1,809,009</u>
Change in Net Assets	363,506	(650,545)	(287,039)
Net Assets, beginning of year	<u>520,964</u>	<u>1,539,962</u>	<u>2,060,926</u>
Net Assets, end of year	<u>\$ 884,470</u>	<u>\$ 889,417</u>	<u>\$ 1,773,887</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
<b>Support and Revenue</b>			
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
<b>Expenses</b>			
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 Cash Flows For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (287,039)	\$ 478,947
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	10,009	9,030
Change in assets and liabilities:		
Accounts receivable	(48,015)	(87,151)
Contracts/Grants receivable	84,033	502,649
Prepaid expenses	25,161	1,991
Deposits	-	(1,300)
Accounts payable and accrued expenses	113,576	(42,988)
Net cash provided (used) by operating activities	<u>(102,275)</u>	<u>861,178</u>
<b>Cash flows from investing activities:</b>		
Purchase of certificates of deposit	-	(1,050,000)
Proceeds from the sale of certificates of deposit	1,050,000	-
Equipment purchases	(6,609)	(16,020)
Net cash provided (used) by investing activities	<u>1,043,391</u>	<u>(1,066,020)</u>
Net change in cash	<u>941,116</u>	<u>(204,842)</u>
Cash and cash equivalents, beginning of year	<u>505,078</u>	<u>709,920</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,446,194</u></u>	<u><u>\$ 505,078</u></u>

See Notes to the Financial Statements

## California Food Policy Advocates

### Statement of Functional Expenses For the Year Ended June 30, 2011

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 685,618	\$ 109,237	\$ 24,147	\$ 819,002
Pension contributions	22,894	3,543	818	27,255
Employee benefits	148,074	22,917	5,289	176,280
Payroll taxes	58,681	9,081	2,096	69,858
	<u>915,267</u>	<u>144,778</u>	<u>32,350</u>	<u>1,092,395</u>
Grants	4,125	-	-	4,125
Accounting	-	10,575	-	10,575
Fees for service	349,940	17,297	-	367,237
Advertising and promotion	10,777	-	-	10,777
Supplies	11,256	1,749	402	13,407
Telephone	30,388	4,703	1,085	36,176
Postage / shipping	6,232	964	223	7,419
Copy / printing	10,763	1,666	384	12,813
Occupancy	70,143	10,855	2,505	83,503
Travel, meals and entertainment	39,911	6,176	1,419	47,506
Conferences, conventions, meetings	100,942	2,564	592	104,098
Depreciation	8,408	1,301	300	10,009
Insurance	-	4,978	-	4,978
Dues, licenses, service fees	1,804	279	64	2,147
Miscellaneous	1,549	240	55	1,844
Total Expenses	<u>\$ 1,561,505</u>	<u>\$ 208,125</u>	<u>\$ 39,379</u>	<u>\$ 1,809,009</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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

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**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, 2011 AND 2010**

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**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, 2011, 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, 2011 AND 2010**

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**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>2011</u>	<u>2010</u>
Furniture and equipment	\$ 62,381	\$ 134,590
less accumulated depreciation	<u>(40,921)</u>	<u>(109,730)</u>
Total	<u>\$ 21,460</u>	<u>\$ 24,860</u>

**NOTE 4: COMMITMENTS**

The Organization is party to leases for office space in Oakland and Los Angeles, California which expire in September 2011 and May 2012, respectively. The future minimum operating lease payments total \$37,224 as of June 30, 2011.

Rent for the year ended June 30, 2011 and 2010 was \$83,504 and \$72,365 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.

**NOTE 6: TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2011</u>	<u>2010</u>
Cal Fresh education and access	\$ 391,410	\$ 405,975
Nutrition in Schools and Day Care	304,792	470,105
Future operations	<u>193,215</u>	<u>663,882</u>
Total	<u>\$ 889,417</u>	<u>\$ 1,539,962</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:

**CALIFORNIA FOOD POLICY ADVOCATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

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	<u>2011</u>	<u>2010</u>
Cal Fresh education and access	\$ 209,530	\$ 615,692
Nutrition in Schools and Day Care	1,020,565	597,058
Expiration of time restriction	<u>470,667</u>	<u>277,658</u>
Total	<u>\$ 1,700,762</u>	<u>\$ 1,490,408</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, 2011 and 2010 were \$27,255 and \$21,172 respectively.

**NOTE 8: RELATED PARTY**

A research firm, whose principal is a board member of the Organization, was paid \$40,000 and \$49,600 to provide program services during the years ended June 30, 2011 and 2010, respectively.

**NOTE 9: CONCENTRATION OF CREDIT RISK**

**Cash**

The Organization maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as concentration of credit risk requiring disclosure regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.