
CALIFORNIA FOOD POLICY ADVOCATES

FINANCIAL STATEMENTS

June 30, 2012 and 2011

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

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Latham Square Building
1611 Telegraph Ave. Suite 318
Oakland, CA 94612-2151
Tel: 510 · 835 · CPAS (2727)
Fax: 510 · 835 · 5711
e-mail: admin@ckcpa.biz

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, 2012 and 2011, 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, 2012 and 2011, 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 6, 2012

California Food Policy Advocates

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California Food Policy Advocates

Statement of Financial Position June 30, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,901,201	\$ 1,446,194
Accounts receivable	16,500	135,166
Grants receivable	284,515	392,745
Prepaid expenses	5,667	11,929
Total Current Assets	<u>2,207,883</u>	<u>1,986,034</u>
Property and equipment, net (Note 3)	52,748	21,460
Deposits	7,449	5,399
Total Assets	<u>\$ 2,268,080</u>	<u>\$ 2,012,893</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 255,922	\$ 239,006
Total Current Liabilities	<u>255,922</u>	<u>239,006</u>
Total Liabilities	<u>255,922</u>	<u>239,006</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	1,049,656	884,470
Temporarily restricted (Note 6)	<u>962,502</u>	<u>889,417</u>
Total Net Assets	<u>2,012,158</u>	<u>1,773,887</u>
Total Liabilities and Net Assets	<u>\$ 2,268,080</u>	<u>\$ 2,012,893</u>

See Notes to the Financial Statements

California Food Policy Advocates

Statement of Activities For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Foundation and community grants	\$ 250,084	\$ 1,419,350	\$ 1,669,434
Government grant	226,915		226,915
Membership dues	12,275		12,275
In-kind contributions (Note 9)	50,000		50,000
Contract fee	121,658		121,658
Conference fees	88,810		88,810
Interest income	219		219
Other income	5,778		5,778
Net assets released from restrictions (Note 6)	1,346,265	(1,346,265)	-
Total Support and Revenue	<u>2,102,004</u>	<u>73,085</u>	<u>2,175,089</u>
Expenses			
Program	1,514,225		1,514,225
General and administrative	283,074		283,074
Fundraising	139,519		139,519
Total Expenses	<u>1,936,818</u>	<u>-</u>	<u>1,936,818</u>
Change in Net Assets	165,186	73,085	238,271
Net Assets, beginning of year	<u>884,470</u>	<u>889,417</u>	<u>1,773,887</u>
Net Assets, end of year	<u>\$ 1,049,656</u>	<u>\$ 962,502</u>	<u>\$ 2,012,158</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
Support and Revenue			
Support			
Foundation and community grants	\$ 144,455	\$ 1,050,217	\$ 1,194,672
Contributions	400		400
Total Support	144,855	1,050,217	1,195,072
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	326,898	-	326,898
Net assets released from restrictions (Note 6)	1,700,762	(1,700,762)	-
Total Support and Revenue	2,172,515	(650,545)	1,521,970
Expenses			
Program	1,561,505		1,561,505
General and administrative	208,125		208,125
Fundraising	39,379		39,379
Total Expenses	1,809,009	-	1,809,009
Change in Net Assets	363,506	(650,545)	(287,039)
Net Assets, beginning of year	520,964	1,539,962	2,060,926
Net Assets, end of year	\$ 884,470	\$ 889,417	\$ 1,773,887

See Notes to the Financial Statements

California Food Policy Advocates

Statement of Cash Flows For the Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 238,271	\$ (287,039)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	18,712	10,009
Donated fixed assets	(50,000)	-
Change in assets and liabilities:		
Accounts receivable	118,666	(48,015)
Grants receivable	108,230	84,033
Prepaid expenses	6,262	25,161
Deposits	(2,050)	-
Accounts payable and accrued expenses	16,916	113,576
Net cash provided (used) by operating activities	<u>455,007</u>	<u>(102,275)</u>
Cash flows from investing activities:		
Proceeds from the sale of certificates of deposit	-	1,050,000
Equipment purchases	-	(6,609)
Net cash provided by investing activities	<u>-</u>	<u>1,043,391</u>
Net change in cash	<u>455,007</u>	<u>941,116</u>
Cash and cash equivalents, beginning of year	<u>1,446,194</u>	<u>505,078</u>
Cash and cash equivalents, end of year	<u>\$ 1,901,201</u>	<u>\$ 1,446,194</u>

See Notes to the Financial Statements

California Food Policy Advocates

Statement of Functional Expenses For the Year Ended June 30, 2012

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 592,344	\$ 150,171	\$ 91,772	\$ 834,287
Pension contributions	21,553	5,464	3,339	30,356
Employee benefits	143,147	36,290	22,177	201,614
Payroll taxes	50,115	12,705	7,764	70,584
Total Personnel	<u>807,159</u>	<u>204,630</u>	<u>125,052</u>	<u>1,136,841</u>
Grants	10,000	-	-	10,000
Accounting	-	10,866	-	10,866
Fees for service	460,506	5,379	558	466,443
Advertising and promotion	450	-	42	492
Supplies	4,389	3,090	-	7,479
Telephone	26,578	6,628	3,518	36,724
Postage and shipping	467	244	71	782
Copy and printing	7,830	1,062	649	9,541
Occupancy	60,122	19,905	7,957	87,984
Travel, meals and entertainment	37,197	2,920	836	40,953
Conferences, conventions, meetings	93,916	7,135	19	101,070
Depreciation	-	18,712	-	18,712
Insurance	4,463	1,852	691	7,006
Dues, licenses, service fees	1,148	601	126	1,875
Miscellaneous	-	50	-	50
Total Expenses	<u>\$ 1,514,225</u>	<u>\$ 283,074</u>	<u>\$ 139,519</u>	<u>\$ 1,936,818</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	\$ 701,677	\$ 111,722	\$ 24,721	\$ 838,120
Pension contributions	22,894	3,543	818	27,255
Employee benefits	132,015	20,432	4,715	157,162
Payroll taxes	58,681	9,081	2,096	69,858
Total Personnel	<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 and shipping	6,232	964	223	7,419
Copy and 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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.

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 accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents 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. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Temporarily restricted net assets also include accumulated appreciation of permanently restricted endowment funds that have not been

CALIFORNIA FOOD POLICY ADVOCATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

appropriated by the Board in accordance with the California Uniform Prudent Management of Institutional Funds Act of 2008 (UPMIFA).

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of June 30, 2012.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

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.

The Organization considers all contributions to be fully collectible at June 30, 2012. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are 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 as of June 30, 2012 and is not aware of any significant uncertain tax positions for which a reserve would be necessary.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only 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. There were no contributed services that met the criteria for recognition for the year ended June 30, 2012.

CALIFORNIA FOOD POLICY ADVOCATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash equivalents

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

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization had no assets or liabilities recorded at fair value on June 30, 2012.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Equipment	5 years
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Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

CALIFORNIA FOOD POLICY ADVOCATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Functional Allocation of Expenses

The costs of providing various programs and other 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.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of November 6, 2012 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 110,843	\$ 62,381
less accumulated depreciation	<u>(58,095)</u>	<u>(40,921)</u>
Total	<u>\$ 52,748</u>	<u>\$ 21,460</u>

NOTE 4: COMMITMENTS

The Organization is party to leases for office space in Oakland and Los Angeles, California which expire in September 2016 and June 2014, respectively.

Future rent obligations are as follows for the years ending June, 30:

2013	\$ 94,602
2014	96,732
2015	76,116
2016	78,276
2017	<u>19,704</u>
Total	<u>\$ 365,430</u>

Rent for the year ended June 30, 2012 and 2011 was \$87,984 and \$83,504, 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

CALIFORNIA FOOD POLICY ADVOCATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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>2012</u>	<u>2011</u>
Cal Fresh Education and Access	\$ 175,602	\$ 391,410
Nutrition in Schools and Day Care	295,627	304,792
Future Operations	<u>491,273</u>	<u>193,215</u>
Total	<u>\$ 962,502</u>	<u>\$ 889,417</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>2012</u>	<u>2011</u>
Cal Fresh Education and Access	\$ 456,450	\$ 209,530
Nutrition in Schools and Day Care	487,873	1,020,565
Expiration of time restriction	<u>401,942</u>	<u>470,667</u>
Total	<u>\$ 1,346,265</u>	<u>\$ 1,700,762</u>

NOTE 7: CONCENTRATIONS

Cash

At times, the Organization may have 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.

NOTE 8: 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, 2012 and 2011 were \$30,356 and \$27,255, respectively.

NOTE 9: IN-KIND CONTRIBUTIONS

The Organization received donated website design and production services from Taproot Foundation, valued at \$50,000.

CALIFORNIA FOOD POLICY ADVOCATES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 10: RELATED PARTY

A research firm, whose principal was a board member of the Organization, was paid \$36,667 and \$40,000 to provide program services during the years ended June 30, 2012 and 2011, respectively. The party described in this note passed away March 29, 2012.