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# **CALIFORNIA FOOD POLICY ADVOCATES**

## **FINANCIAL STATEMENTS**

**June 30, 2013 and 2012**

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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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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
California Food Policy Advocates  
Oakland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of California Food Policy Advocates, which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities, cash flows and functional expenses 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 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, 2013 and 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, reading "Crosby + Kaneda". The signature is written in a cursive, flowing style.

Certified Public Accountants  
Oakland, California  
January 6, 2014

# California Food Policy Advocates

## Statement of Financial Position June 30, 2013 and 2012

	2013	2012
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,566,987	\$ 1,901,201
Accounts receivable	-	16,500
Grants receivable	275,297	284,515
Prepaid expenses	27,290	5,667
Total Current Assets	<u>1,869,574</u>	<u>2,207,883</u>
Property and equipment, net (Note 3)	48,674	52,748
Deposits	7,399	7,449
Total Assets	<u>\$ 1,925,647</u>	<u>\$ 2,268,080</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 111,104	\$ 150,244
Accrued vacation	116,710	105,678
Total Current Liabilities	<u>227,814</u>	<u>255,922</u>
Total Liabilities	<u>227,814</u>	<u>255,922</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	1,192,488	1,049,656
Temporarily restricted (Note 6)	505,345	962,502
Total Net Assets	<u>1,697,833</u>	<u>2,012,158</u>
Total Liabilities and Net Assets	<u>\$ 1,925,647</u>	<u>\$ 2,268,080</u>

See Notes to the Financial Statements

# California Food Policy Advocates

## Statement of Activities For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Support			
Foundation and community grants	\$ 223,135	\$ 840,000	\$ 1,063,135
Contributions	142		142
Government awards	282,445		282,445
Membership dues	11,120		11,120
In-kind contributions (Note 8)	55,000		55,000
Contract fee	63,375		63,375
Conference fees	89,577		89,577
Interest income	386		386
Other income	9,263		9,263
Net assets released from restrictions (Note 6)	1,297,157	(1,297,157)	-
Total Support and Revenue	2,031,600	(457,157)	1,574,443
<b>Expenses</b>			
Program	1,595,401		1,595,401
General and administrative	167,944		167,944
Fundraising	125,423		125,423
Total Expenses	1,888,768	-	1,888,768
Change in Net Assets	142,832	(457,157)	(314,325)
Net Assets, beginning of year	1,049,656	962,502	2,012,158
Net Assets, end of year	\$ 1,192,488	\$ 505,345	\$ 1,697,833

See Notes to the Financial Statements

# California Food Policy Advocates

## Statement of Activities For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
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 8)	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)	-
<b>Total Support and Revenue</b>	<b>2,102,004</b>	<b>73,085</b>	<b>2,175,089</b>
<b>Expenses</b>			
Program	1,514,225		1,514,225
General and administrative	283,074		283,074
Fundraising	139,519		139,519
<b>Total Expenses</b>	<b>1,936,818</b>	<b>-</b>	<b>1,936,818</b>
<b>Change in Net Assets</b>	<b>165,186</b>	<b>73,085</b>	<b>238,271</b>
<b>Net Assets, beginning of year</b>	<b>884,470</b>	<b>889,417</b>	<b>1,773,887</b>
<b>Net Assets, end of year</b>	<b>\$ 1,049,656</b>	<b>\$ 962,502</b>	<b>\$ 2,012,158</b>

See Notes to the Financial Statements

# California Food Policy Advocates

## Statement of Cash Flows For the Years Ended June 30, 2013 and 2012

	2013	2012
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (314,325)	\$ 238,271
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	19,522	18,712
Donated fixed assets	-	(50,000)
Change in assets and liabilities:		
Accounts receivable	16,500	118,666
Grants receivable	9,218	108,230
Prepaid expenses	(21,623)	6,262
Deposits	50	(2,050)
Accounts payable and accrued expenses	(39,140)	13,771
Accrued vacation	11,032	3,145
Net cash provided (used) by operating activities	(318,766)	455,007
<b>Cash flows from investing activities:</b>		
Equipment purchases	(15,448)	-
Net cash used by investing activities	(15,448)	-
Net change in cash	(334,214)	455,007
Cash and cash equivalents, beginning of year	1,901,201	1,446,194
Cash and cash equivalents, end of year	\$ 1,566,987	\$ 1,901,201

See Notes to the Financial Statements



## California Food Policy Advocates

### Statement of Functional Expenses For the Year Ended June 30, 2013

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 670,812	\$ 88,128	\$ 79,275	\$ 838,215
Pension contributions	25,243	3,317	2,983	31,543
Employee benefits	173,209	22,755	20,470	216,434
Payroll taxes	55,441	7,284	6,552	69,277
Total Personnel	<u>924,705</u>	<u>121,484</u>	<u>109,280</u>	<u>1,155,469</u>
Grants	1,000	-	-	1,000
Accounting	-	11,024	-	11,024
Fees for service	405,484	12,118	-	417,602
Advertising and promotion	-	92	-	92
Supplies	5,881	3,657	695	10,233
Telephone	26,844	3,527	3,172	33,543
Postage and shipping	1,828	138	125	2,091
Copy and printing	18,922	583	525	20,030
Occupancy	71,274	9,364	8,423	89,061
Travel and meals	42,990	2,210	-	45,200
Conferences, conventions, meetings	70,667	348	190	71,205
Depreciation	15,623	2,053	1,846	19,522
Insurance	7,982	1,049	943	9,974
Dues, licenses, service fees	1,901	247	224	2,372
Miscellaneous	300	50	-	350
Total Expenses	<u>\$ 1,595,401</u>	<u>\$ 167,944</u>	<u>\$ 125,423</u>	<u>\$ 1,888,768</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 and meals	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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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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.

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.

## CALIFORNIA FOOD POLICY ADVOCATES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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*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, 2013.

#### **Contributions and grants**

Contributions and grants, 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 and grants 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.

#### **Grants receivable**

The Organization considers all grants receivable to be fully collectible at June 30, 2013. 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, 2013 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

## **CALIFORNIA FOOD POLICY ADVOCATES**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

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#### **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.

#### **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, 2013.

#### **Concentration of Credit Risk**

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

## CALIFORNIA FOOD POLICY ADVOCATES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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#### 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.

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.

#### Reclassifications

Certain accounts in the prior year's summarized information 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 January 6, 2014 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>2013</u>	<u>2012</u>
Furniture and equipment	\$ 103,855	\$ 110,843
less accumulated depreciation	<u>( 55,181)</u>	<u>(58,095)</u>
Total	<u>\$ 48,674</u>	<u>\$ 52,748</u>

**CALIFORNIA FOOD POLICY ADVOCATES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

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**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, and for a copier which expires in May, 2015.

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

2014	\$ 100,979
2015	80,009
2016	81,975
2017	<u>19,703</u>
Total	<u>\$ 282,666</u>

Rent for the year ended June 30, 2013 and 2012 was \$89,061 and \$87,984, 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>2013</u>	<u>2012</u>
Los Angeles based programs	\$ 150,274	\$ 175,602
Nutrition in Schools and Day Care	145,939	295,627
Future Operations	<u>209,132</u>	<u>491,273</u>
Total	<u>\$ 505,345</u>	<u>\$ 962,502</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>2013</u>	<u>2012</u>
Los Angeles based programs	\$ 420,328	\$ 456,450
CCFP Round Table	10,000	
Nutrition in Schools and Day Care	384,688	487,873
Expiration of time restriction	<u>482,141</u>	<u>401,942</u>
Total	<u>\$ 1,297,157</u>	<u>\$ 1,346,265</u>

**CALIFORNIA FOOD POLICY ADVOCATES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

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**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, 2013 and 2012 were \$31,542 and \$30,356, respectively.

**NOTE 8: IN-KIND CONTRIBUTIONS**

The Organization received donated branding and message design and website design and production services from Taproot Foundation, valued at \$55,000 and \$50,000 respectively for the years ended June 30, 2013 and 2012.