
CENTER FOR URBAN EDUCATION ABOUT SUSTAINABLE AGRICULTURE

FINANCIAL STATEMENTS

March 31, 2016

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

**CENTER FOR URBAN EDUCATION
ABOUT SUSTAINABLE AGRICULTURE**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Center for Urban Education about Sustainable Agriculture
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Urban Education about Sustainable Agriculture, which comprise the statement of financial position as of March 31, 2016, 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.

Auditors' Responsibility

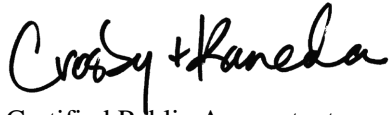
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Center for Urban Education about Sustainable Agriculture as of March 31, 2016, 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 fluid and cursive, with the first names being more prominent.

Certified Public Accountants

Oakland, California

October 15, 2016

**CENTER FOR URBAN EDUCATION
ABOUT SUSTAINABLE AGRICULTURE**

**Statement of Financial Position
March 31, 2016**

Current assets	
Cash and cash equivalents	\$ 292,615
Accounts receivable	110,042
Inventory (Note 3)	29,669
Prepaid expenses	15,059
Total current assets	<u>447,385</u>
Property and equipment, net (Note 4)	247,050
Deposits	<u>2,076</u>
 Total Assets	 <u><u>\$ 696,511</u></u>
 Current liabilities	
Accounts payable and accrued expenses	\$ 48,589
Accrued vacation	42,221
Redeemable vouchers	3,501
Total liabilities	<u>94,311</u>
 Commitments and Contingencies (Notes 5 and 6)	
 Net assets	
Unrestricted net assets	572,639
Temporarily restricted (Note 7)	29,561
Total net assets	<u>602,200</u>
 Total Liabilities and Net Assets	 <u><u>\$ 696,511</u></u>

See Notes to the Financial Statements

**CENTER FOR URBAN EDUCATION
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**Statement of Activities
For the Year Ended March 31, 2016**

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Support			
Foundation and corporate	\$ 61,448	\$ 100,857	\$ 162,305
Individual contributions	75,242		75,242
Government	7,599		7,599
Fundraising events, net (Note 8)	297,683	25,750	323,433
Total support	<u>441,972</u>	<u>126,607</u>	<u>568,579</u>
Revenue			
Stall and vendor fees	834,875		834,875
Kitchen rental and other fees	35,304		35,304
Merchandise sales, net	7,393		7,393
Other	52		52
Total revenue	<u>877,624</u>	<u>-</u>	<u>877,624</u>
Net assets released from donor restrictions (Note 7)	<u>186,522</u>	<u>(186,522)</u>	<u>-</u>
Total Support Revenue	<u>1,506,118</u>	<u>(59,915)</u>	<u>1,446,203</u>
Expenses			
Program	1,143,309		1,143,309
Management and general	102,019		102,019
Fundraising	277,845		277,845
Total Expenses	<u>1,523,173</u>	<u>-</u>	<u>1,523,173</u>
Change in Net Assets	(17,055)	(59,915)	(76,970)
Net Assets, beginning of year	<u>589,694</u>	<u>89,476</u>	<u>679,170</u>
Net Assets, end of year	<u><u>\$ 572,639</u></u>	<u><u>\$ 29,561</u></u>	<u><u>\$ 602,200</u></u>

See Notes to the Financial Statements

**CENTER FOR URBAN EDUCATION
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**Statement of Cash Flows
For the Year Ended March 31, 2016**

Cash flows from operating activities

Change in net assets	\$ (76,970)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities	
Depreciation	22,479
Changes in assets and liabilities:	
Accounts receivable	3,246
Inventory	(1,461)
Prepaid expenses	(15,059)
Accounts payable and accrued expenses	34,953
Accrued vacation	14,851
Redeemable vouchers	(3,135)
Net cash provided (used) by operating activities	<u>(21,096)</u>

Cash flows from investing activities

Purchase of equipment	<u>(9,803)</u>
Net cash provided (used) by investing activities	<u>(9,803)</u>

Net change in cash and cash equivalents (30,899)

Cash and cash equivalents, beginning of year 323,514

Cash and cash equivalents, end of year \$ 292,615

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**Statement of Functional Expenses
For the Year Ended March 31, 2016**

	Programs		Total Program	Management and general	Fundraising	Total
	Farmers Market	Education				
Salaries	\$ 411,026	\$ 301,118	\$ 712,144	\$ 12,833	\$ 148,392	\$ 873,369
Employee benefits	16,295	24,918	41,213	2,743	12,615	56,571
Payroll taxes	33,080	22,878	55,958	1,033	13,299	70,290
Total Personnel	<u>460,401</u>	<u>348,914</u>	<u>809,315</u>	<u>16,609</u>	<u>174,306</u>	<u>1,000,230</u>
Legal fees	7,196		7,196	7,441	-	14,637
Accounting fees			-	29,434	-	29,434
Other fees for service	6,504	45,761	52,265	490	42,144	94,899
Advertising and promotion	24,064	7,005	31,069	129	3,874	35,072
Office Expenses	29,645	37,812	67,457	9,931	22,708	100,096
Depreciation	5,800	11,037	16,837	225	5,417	22,479
Information technology	1,298	6,140	7,438	3,340	2,216	12,994
Occupancy	73,523	38,817	112,340	2,626	19,053	134,019
Travel and meals	1,333	4,350	5,683	884	1,757	8,324
Conferences and meetings	5,078	3,356	8,434	7,442	-	15,876
Insurance	763	1,446	2,209	6,811	713	9,733
Dues, licenses, service fees	18,007	487	18,494	16,657	5,657	40,808
Nutrition incentives	141	4,431	4,572	-	-	4,572
Total Expenses	<u>\$ 633,753</u>	<u>\$ 509,556</u>	<u>\$ 1,143,309</u>	<u>\$ 102,019</u>	<u>\$ 277,845</u>	<u>\$ 1,523,173</u>

See Notes to the Financial Statements

**CENTER FOR URBAN EDUCATION
ABOUT SUSTAINABLE AGRICULTURE**

**Notes to the Financial Statements
For the Year Ended March 31, 2016**

NOTE 1: NATURE OF ACTIVITIES

The Center for Urban Education about Sustainable Agriculture (CUESA, or the Organization) is a California nonprofit community benefit corporation established in 1994. Its mission is to cultivate a sustainable food system through the operation of Farmers Markets and educational programs. CUESA was organized to educate urban consumers about sustainable agriculture and to create links between urban dwellers and local farmers. CUESA has managed the Ferry Plaza Farmers Market in San Francisco since 1999. CUESA's educational programs include youth education programs, market-to-table events, cooking classes, farm tours, a weekly e-letter newsletter, lectures, panel discussions, and educational displays.

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 may also include accumulated appreciation of permanently restricted endowment funds that have not been appropriated by the Organization.

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 March 31, 2016.

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

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**Notes to the Financial Statements
For the Year Ended March 31, 2016**

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.

Accounts Receivable

The Organization considers all accounts receivable to be fully collectible at March 31, 2016. 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 March 31, 2016 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.

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 March 31, 2016. The Organization was supported by the substantial efforts of volunteers as more fully described in Note 9.

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.

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**Notes to the Financial Statements
For the Year Ended March 31, 2016**

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.

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.

The Organization had no assets or liabilities recorded at fair value on March 31, 2016.

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.

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	5-10 years
Furniture	7 years
Leasehold improvements	7-20 years or lease term

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.

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**Notes to the Financial Statements
For the Year Ended March 31, 2016**

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 October 15, 2016 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVENTORY

Inventory consisted of the following as of March 31, 2016:

BioBag shopping bags	\$ 21,619
Other items (t-shirts, totes, etc)	<u>8,050</u>
Total	<u>\$ 29,669</u>

The Organization reports inventory based on average cost.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31, 2016:

Equipment	\$ 33,205
Furniture	24,086
Leasehold improvements	321,970
Less accumulated depreciation	<u>(132,211)</u>
Total	<u>\$ 247,050</u>

NOTE 5: COMMITMENTS

Operating Leases

The Organization is party to a lease in San Francisco, California for office space that expires on December 2017, and a copier which expires on September 2019. Future minimum operating lease payments are as follows for years ending March 31:

2017	\$ 102,624
2018	81,309
2019	9,276
2020	<u>3,865</u>
Total	<u>\$ 197,074</u>

Rent expense for the year ended March 31, 2016 was \$95,632.

Option to Renew

The Organization has certain options to renew its lease on 5 year terms through December 2022.

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**Notes to the Financial Statements
For the Year Ended March 31, 2016**

NOTE 6: 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 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$29,561 were available for Food Wise Kids as of March 31, 2016.

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction or the expiration of time restriction as follows during the year ended March 31, 2016:

Food Wise Kids	\$ 72,522
Schoolyard to Market	89,000
Trial Farmer's Market	<u>25,000</u>
Total	<u>\$ 186,522</u>

NOTE 8: FUNDRAISING EVENTS

The Organization held five fundraising events – three cocktail parties, a summer celebration, and a Sunday Supper. Activity related to the events was as follows during the year ended March 31, 2016:

Admission	\$ 108,844
Donations and sponsorships	227,359
Raffle	6,150
Donated auction item proceeds	51,100
Less: Costs of direct donor benefit	<u>(70,020)</u>
Total	<u>\$ 323,433</u>

NOTE 9: VOLUNTEER EFFORT

In addition to the activity reported in the financial statements, the Organization's activities are supported by significant volunteer efforts. Volunteers perform a wide range of duties such as assisting customers in farmer's markets, supporting chef demos within the culinary program, teaching youth to cook in the FoodWise Kids program, assisting with special events, info booth presence and administrative tasks in the Organization's offices.

For the year ended March 31, 2016 approximately 308 volunteers and 16 board members volunteered 5,455 hours of time to support the Organization's activities. The estimated value of such time, which is not recognizable for financial statement purposes, was \$81,825 for the year ended March 31, 2016 based on an estimated value per volunteer hour of \$15.