
CENTER FOR URBAN EDUCATION ABOUT SUSTAINABLE AGRICULTURE

FINANCIAL STATEMENTS

March 31, 2019

(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2018)

CROSBY & KANEDA

Certified Public Accountants
for 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, 2019, 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center for Urban Education about Sustainable Agriculture's March 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Croody & Lameda CPAs LLP

Oakland, California

August 16, 2019

**CENTER FOR URBAN EDUCATION
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**Statement of Financial Position
March 31, 2019
(With Comparative Totals as of March 31, 2018)**

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 218,559	\$ 467,086
Certificates of deposit	200,790	-
Accounts receivable, net (Note 3)	157,339	163,335
Inventory (Note 4)	14,387	3,620
Prepaid expenses	29,167	23,025
Total current assets	620,242	657,066
Property and equipment, net (Note 5)	187,983	206,381
Deposits	2,076	2,076
Total Assets	\$ 810,301	\$ 865,523
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 72,829	\$ 55,098
Accrued vacation	47,571	38,779
Redeemable vouchers	10,396	4,475
Deferred revenue	-	10,000
Total liabilities	130,796	108,352
Commitments and Contingencies (Notes 6 and 7)		
Net assets		
Without donor restrictions	599,505	734,171
With donor restrictions (Note 8)	80,000	23,000
Total net assets	679,505	757,171
Total Liabilities and Net Assets	\$ 810,301	\$ 865,523

See Notes to the Financial Statements

**CENTER FOR URBAN EDUCATION
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**Statement of Activities
For the Year Ended March 31, 2019
(With Comparative Totals for the Year Ended March 31, 2018)**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2019	2018
Support and Revenue				
Support				
Foundation and corporate	\$ 75,464	\$ 147,673	\$ 223,137	\$ 161,483
Individual contributions	146,271	6,500	152,771	95,686
Government	18,945		18,945	23,113
Fundraising events, net (Note 9)	377,430	26,350	403,780	392,941
Total support	<u>618,110</u>	<u>180,523</u>	<u>798,633</u>	<u>673,223</u>
Revenue				
Stall and vendor fees	980,098		980,098	1,007,203
Kitchen rental and other fees	43,898		43,898	22,994
Educational events	35,688		35,688	13,268
Merchandise sales, net	4,186		4,186	9,196
Other	3,227		3,227	295
Total revenue	<u>1,067,097</u>	<u>-</u>	<u>1,067,097</u>	<u>1,052,956</u>
Support provided by expiring time and purpose restrictions	123,523	(123,523)	-	-
Total Support Revenue	<u>1,808,730</u>	<u>57,000</u>	<u>1,865,730</u>	<u>1,726,179</u>
Expenses				
Program				
Farmers Market	721,100		721,100	646,325
Education	876,852		876,852	647,832
Total Program	<u>1,597,952</u>	<u>-</u>	<u>1,597,952</u>	<u>1,294,157</u>
Management and general	90,653		90,653	77,220
Fundraising	254,791		254,791	231,714
Total Expenses	<u>1,943,396</u>	<u>-</u>	<u>1,943,396</u>	<u>1,603,091</u>
Change in Net Assets	(134,666)	57,000	(77,666)	123,088
Net Assets, beginning of year	<u>734,171</u>	<u>23,000</u>	<u>757,171</u>	<u>634,083</u>
Net Assets, end of year	<u>\$ 599,505</u>	<u>\$ 80,000</u>	<u>\$ 679,505</u>	<u>\$ 757,171</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, 2019
(With Comparative Totals for the Year Ended March 31, 2018)**

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (77,666)	\$ 123,088
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities		
Depreciation	18,398	19,894
Changes in assets and liabilities:		
Accounts receivable	5,996	(35,703)
Inventory	(10,767)	883
Prepaid expenses	(6,142)	2,834
Accounts payable and accrued expenses	17,731	4,217
Accrued vacation	8,792	(10,333)
Redeemable vouchers	5,921	(663)
Deferred revenue	(10,000)	10,000
Net cash provided (used) by operating activities	(47,737)	114,217
Cash flows from investing activities		
Purchases of certificates of deposit, net	(200,790)	-
Net cash provided (used) by investing activities	(200,790)	-
Net change in cash and cash equivalents	(248,527)	114,217
Cash and cash equivalents, beginning of year	467,086	352,869
Cash and cash equivalents, end of year	\$ 218,559	\$ 467,086

See Notes to the Financial Statements

**CENTER FOR URBAN EDUCATION
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**Statement of Functional Expenses
For the Year Ended March 31, 2019
(With Comparative Totals for the Year Ended March 31, 2018)**

	Program	Management and General	Fundraising	Total	
				2019	2018
Salaries	\$ 899,219	\$ 15,202	\$ 124,784	\$ 1,039,205	\$ 900,181
Employee benefits	88,839	7,871	10,734	107,444	84,734
Payroll taxes	72,742	1,234	10,107	84,083	74,359
Total Personnel	<u>1,060,800</u>	<u>24,307</u>	<u>145,625</u>	<u>1,230,732</u>	<u>1,059,274</u>
Grants	-	-	-	-	21,000
Fees for service	127,723	39,539	57,545	224,807	125,435
Advertising and promotion	6,599	-	4,918	11,517	31,036
Supplies and office expenses	101,149	4,151	15,975	121,275	110,188
Depreciation	15,988	257	2,153	18,398	19,894
Information technology	27,667	231	2,084	29,982	23,919
Occupancy	166,449	5,441	13,674	185,564	123,894
Travel and meals	13,296	107	990	14,393	7,715
Conferences and meetings	27,636	830	1,339	29,805	8,080
Insurance	7,836	2,175	1,544	11,555	11,205
Dues, licenses, service fees	25,851	3,615	8,944	38,410	46,103
Nutrition incentives	14,864	-	-	14,864	14,740
Other expenses	2,094	10,000	-	12,094	608
Expense by function	<u>\$ 1,597,952</u>	<u>\$ 90,653</u>	<u>\$ 254,791</u>	<u>\$ 1,943,396</u>	<u>\$ 1,603,091</u>
Expenses reported on a net basis on the statement of activities					
Event direct donor benefit	-	-	118,966	118,966	92,012
Total expenses	<u>\$ 1,597,952</u>	<u>\$ 90,653</u>	<u>\$ 373,757</u>	<u>\$ 2,062,362</u>	<u>\$ 1,695,103</u>

See Notes to the Financial Statements

**CENTER FOR URBAN EDUCATION
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**Notes to the Financial Statements
For the Year Ended March 31, 2019
(With Comparative Totals for the Year Ended March 31, 2018)**

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 and Jack London Square Farmers Market in Oakland since 2016. 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).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

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**Notes to the Financial Statements
For the Year Ended March 31, 2019
(With Comparative Totals for the Year Ended March 31, 2018)**

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net are reported as decreases in net assets without donor restrictions.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from customers on performance contracts. 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, 2019 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, 2019.

Inventory

The Organization accounts for inventory on an average cost basis that is the lower of cost or market.

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**Notes to the Financial Statements
For the Year Ended March 31, 2019
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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

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, 2019.

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 \$2,500; 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
Furniture	7 years
Leasehold improvements	10-20 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.

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**Notes to the Financial Statements
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(With Comparative Totals for the Year Ended March 31, 2018)**

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on hourly tracking by functional area in payroll system, annual / quarterly / monthly activity reports prepared by key personnel etc.

Occupancy, depreciation, and amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee full time equivalents / headcount / salary expenditures for each program and supporting activity.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Changes in Accounting Principles

The Organization implemented Accounting standards update No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources

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**Notes to the Financial Statements
For the Year Ended March 31, 2019
(With Comparative Totals for the Year Ended March 31, 2018)**

The changes have the following effect on net assets at March 31, 2018:

Net Asset Class:	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 734,171	\$ -
Temporarily restricted net assets	23,000	-
Net assets without donor restrictions	-	734,171
Net assets with donor restrictions	<u>-</u>	<u>23,000</u>
Total	<u>\$ 757,171</u>	<u>\$ 757,171</u>

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2018, from which the summarized information was derived.

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 August 16, 2019 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due for stall fees, with balances of the following as of March 31:

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 169,839	\$ 165,835
Less: Allowance for doubtful accounts	<u>(12,500)</u>	<u>(2,500)</u>
Total	<u>\$ 157,339</u>	<u>\$ 163,335</u>

NOTE 4: INVENTORY

Inventory consisted of the following as of March 31:

	<u>2019</u>	<u>2018</u>
BioBag shopping bags	\$ 7,637	\$ 3,620
Tote bags and other items	<u>6,750</u>	<u>-</u>
Total	<u>\$ 14,387</u>	<u>\$ 3,620</u>

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**Notes to the Financial Statements
For the Year Ended March 31, 2019
(With Comparative Totals for the Year Ended March 31, 2018)**

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 5,627	\$ 33,205
Furniture	10,362	24,086
Leasehold improvements	321,970	321,970
Less: Accumulated depreciation	<u>(149,976)</u>	<u>(172,880)</u>
Total	<u>\$ 187,983</u>	<u>\$ 206,381</u>

NOTE 6: COMMITMENTS

Operating Leases

The Organization is party to a lease in San Francisco, California for office space that expires on December 31, 2027. Future minimum operating lease payments are as follows for years ending March 31:

2019	\$ 110,896
2020	117,237
2021	121,265
2022	125,432
2023	132,599
Thereafter	<u>524,222</u>
Total	<u>\$ 1,131,651</u>

Rent expense for the years ended March 31, 2019 and 2018 was \$177,214 and \$151,717, respectively.

NOTE 7: 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 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of March 31:

	<u>2019</u>	<u>2018</u>
Food Change Photomural Exhibit	\$ -	\$ 18,000
Capital Campaign	5,000	5,000
Youth Education	<u>75,000</u>	<u>-</u>
Total	<u>\$ 80,000</u>	<u>\$ 23,000</u>

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**Notes to the Financial Statements
For the Year Ended March 31, 2019
(With Comparative Totals for the Year Ended March 31, 2018)**

NOTE 9: 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 years ended March 31:

	<u>2019</u>	<u>2018</u>
Admission	\$ 188,092	\$ 182,969
Donations and sponsorships	198,322	158,914
Other contributions	33,019	37,950
Raffle	6,993	5,670
Donated auction item proceeds	96,320	99,450
Less: Costs of direct donor benefit	<u>(118,966)</u>	<u>(92,012)</u>
Total	<u>\$ 403,780</u>	<u>\$ 392,941</u>

NOTE 10: 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 years ended March 31, 2019 and 2018 over 300 volunteers donated approximately 5,499 and 4,464 hours of time to support the Organization's activities respectively.

The estimated value of such time, which is not recognizable for financial statement purposes, was \$82,485 and \$66,960 for the years ended March 31, 2019 and 2018, respectively, based on an estimated value per volunteer hour of \$15.

NOTE 11: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of March 31, 2019 are:

Financial assets:	
Cash and cash equivalents	\$ 419,349
Accounts receivable, net	<u>157,339</u>
Total financial assets	576,688
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 8)	<u>(80,000)</u>
Amount available for general expenditures within one year	<u>\$ 496,688</u>

As part of the Organization's liquidity management plan, the Organization maintains funds in excess of daily requirements in short term money market funds or certificates of deposit.