

THE EDIBLE SCHOOLYARD PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2021



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Edible Schoolyard Project
Berkeley, California

We have audited the accompanying financial statements of The Edible Schoolyard Project (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows 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 The Edible Schoolyard Project as of June 30, 2021, 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

Another firm has previously audited The Edible Schoolyard's financial statements for the year ended June 30, 2020, and we expressed an unmodified audit opinion on those audited financial statements in their report dated April 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

December 7, 2021
Santa Rosa, CA

THE EDIBLE SCHOOLYARD PROJECT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

(With summarized comparative totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 831,529	\$ 271,322
Pledges receivable, net	83,931	211,419
Investments	2,294,554	1,946,033
Prepaid expenses	27,627	20,154
Total current assets	<u>3,237,641</u>	<u>2,448,928</u>
Fixed assets:		
Improvements	8,878	16,887
Website	152,283	152,283
Equipment	71,161	184,294
Subtotal	<u>232,322</u>	<u>353,464</u>
Less accumulated depreciation	<u>(193,130)</u>	<u>(290,593)</u>
Total fixed assets	<u>39,192</u>	<u>62,871</u>
Total assets	<u>\$ 3,276,833</u>	<u>\$ 2,511,799</u>

The accompanying notes are integral part of these financial statements

THE EDIBLE SCHOOLYARD PROJECT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

(With summarized comparative totals for June 30, 2020)

	2021	2020
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 89,986	\$ 53,239
Note payable, current portion	263,921	43,089
Total current liabilities	353,907	96,328
Long term liabilities:		
Note payable	297,719	215,911
Total liabilities	651,626	312,239
Net Assets:		
Without donor restriction	2,601,613	1,599,021
With donor restriction	23,594	600,539
Total net assets	2,625,207	2,199,560
Total liabilities and net assets	\$ 3,276,833	\$ 2,511,799

The accompanying notes are integral part of these financial statements

THE EDIBLE SCHOOLYARD PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With summarized comparative totals for the year ended June 30, 2020)

	Without donor restriction	With donor restriction	2021 Total	2020 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
SUPPORT AND REVENUE:				
Foundation grants	\$ 976,619	\$ 151,811	\$ 1,128,430	\$ 886,655
Individual contributions	383,206	-	383,206	309,055
Corporate contributions	75,646	-	75,646	102,454
Special events	484,482	-	484,482	78,472
Honorariums	25,500	-	25,500	1,000
Program revenue	412,874	-	412,874	45,251
Participation and tuition fees	-	-	-	370
Interest and dividends	38,766	-	38,766	34,270
Miscellaneous income	11,233	-	11,233	13,977
Realized gains (losses)	24,451	-	24,451	34,184
Unrealized gains (losses)	497,875	-	497,875	(67,263)
Net assets released from restriction	728,756	(728,756)	-	-
Total support and revenue	<u>3,659,408</u>	<u>(576,945)</u>	<u>3,082,463</u>	<u>1,438,425</u>
EXPENSES:				
Program	2,066,674		2,066,674	1,748,361
Management and general	300,208		300,208	325,793
Development	289,934		289,934	279,541
Total expenses	<u>2,656,816</u>		<u>2,656,816</u>	<u>2,353,695</u>
CHANGE IN NET ASSETS	1,002,592	(576,945)	425,647	(915,270)
NET ASSETS, beginning of year	<u>1,599,021</u>	<u>600,539</u>	<u>2,199,560</u>	<u>3,114,830</u>
NET ASSETS, end of year	<u>\$ 2,601,613</u>	<u>\$ 23,594</u>	<u>\$ 2,625,207</u>	<u>\$ 2,199,560</u>

The accompanying notes are integral part of these financial statements

THE EDIBLE SCHOOLYARD PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With summarized comparative totals for the year ended June 30, 2020)

	Program	Management and		2021	2020
		General	Development	Total	Total
Salaries and wages	\$ 1,002,847	\$ 151,749	\$ 166,515	\$ 1,321,111	\$ 1,197,296
Payroll tax expense	82,063	12,429	13,640	108,132	102,507
Employee benefits	221,096	31,694	36,367	289,157	300,187
Professional services	242,368	48,767	17,388	308,523	238,367
Food	-	-	-	-	156,053
Travel	4,207	264	436	4,907	72,923
Bad debt	-	-	-	-	50,000
Rent	29,768	3,773	3,236	36,777	41,048
Office expenses	9,918	6,908	520	17,346	39,657
Events	-	-	22,205	22,205	29,305
Bank charges	9,083	23,087	1,288	33,458	9,054
Program supplies	408,473	108	333	408,914	19,245
Dues and publications	8,753	6,454	1,275	16,482	16,368
Equipment and furnishings	8,614	481	200	9,295	8,192
Printing and postage	5,971	7,058	14,747	27,776	-
Telephone and internet	8,029	3,926	478	12,433	-
Depreciation	18,419	2,676	2,584	23,679	61,164
Other operating costs	7,065	834	8,722	16,621	12,328
Total expenses	<u>\$ 2,066,674</u>	<u>\$ 300,208</u>	<u>\$ 289,934</u>	<u>\$ 2,656,816</u>	<u>\$ 2,353,694</u>

The accompanying notes are integral part of these financial statements

THE EDIBLE SCHOOLYARD PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With summarized comparative totals for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 425,647	\$ (915,270)
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	23,679	61,164
Allowance for doubtful accounts	-	50,000
Unrealized gain	(497,875)	67,855
(Increase) decrease in:		
Pledges receivable	127,488	269,396
Prepaid expenses	(7,473)	32,139
Increase (decrease) in:		
Accounts payable and accrued expenses	36,747	(61,043)
Net cash provided by operating activities	71,466	(495,759)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets	168,500	(5,712)
Proceeds from sale of investments	(24,451)	274,872
Purchase of investments	(28,952)	(193,415)
Net cash provided (used) by investing activities	115,097	75,745
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	302,640	259,000
NET INCREASE IN CASH	489,203	(161,014)
CASH, beginning of year	342,326	503,339
CASH, end of year	\$ 831,529	\$ 342,326

The accompanying notes are integral part of these financial statements

THE EDIBLE SCHOOLYARD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 ORGANIZATION

The Edible Schoolyard Project (Organization) is a nonprofit public benefit corporation incorporated in California in 1996. The purpose of the Organization is to build and share a food curriculum for all schools that will become part of the core curriculum of every school in the country.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Organization reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

Net assets released from donor restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

THE EDIBLE SCHOOLYARD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Other Basis of Presentation Policies – Revenues or support are reported as increases in net assets without donor restriction unless subject to donor-imposed restrictions. If donor restrictions are fulfilled in the same time period the revenue or support is received, the Organization reports the revenue or support as net assets with donor restrictions and released to net assets without restriction as stipulations are met. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless restricted by explicit donor stipulation or by law.

Revenue Recognition – The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-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 reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Risk – The Organization maintains cash balances in two financial institutions in excess of the Federal Deposit Insurance Corporation limit of \$250,000 at different periods throughout the year. The Organization exceeded the limit by \$331,220 at June 30, 2021.

Investments – The Organization has reported its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Investments received by gift are recorded at market value at the date of the donation. Unrealized gains and losses are included in the change in net assets.

THE EDIBLE SCHOOLYARD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measures – The Organization reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

The three levels of the fair value hierarchy under GAAP are:

Level 1 – Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

Pledges Receivable and contributions – Pledges receivable are recognized when the donor makes an unconditional promise to give to the Organization. A discount factor is necessary for an unconditional promise to give due in excess of one year to measure the contribution at present value. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Based on management's judgement, no allowance for doubtful accounts has been recorded at June 30, 2021.

Fixed Assets – Fixed assets are recorded at cost if purchased and at fair market value on the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets for periods of 2 to 15 years. The Organization capitalizes individual assets with cost of \$2,500 or greater.

Gift in kind – The Organization receives donations of gifts in kind such as program supplies, food and beverages for special events and gift certificates. Gifts in kind received through donations are valued at fair market and are recorded as revenue at the fair market value at the time the contribution is received. The Organization received gifts in kind, in the form of stock and auction items of \$8,587 for the year ended June 30, 2021.

THE EDIBLE SCHOOLYARD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes – The Organization is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined The Organization is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Organization’s status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Organization’s tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Functional Allocation of Expenses – The costs of providing the 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.

Allocation Methodology – Allocations are done on the basis of percentage of total expenses for the period being allocated.

Donated Services and Items – Many people have contributed significant amounts of time to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services and items because, although clearly substantial, no reliable basis exists for determining an appropriate valuation.

THE EDIBLE SCHOOLYARD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 LIQUIDITY

The following reflects the Organization's financial assets as of June 30, 2021 that are available for operations. Donor restricted funds include funds restricted based on time and purpose.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 831,529	\$ 342,325
Pledges receivable	83,931	142,919
Investments	<u>2,294,554</u>	<u>1,875,030</u>
Total financial assets	<u>\$ 3,210,014</u>	<u>\$ 2,360,274</u>
Financial assets, at year end	\$ 3,210,014	\$ 2,360,274
Less those unavailable for general expenditures within one year due to:		
Restricted by donor (time or purpose)	<u>(23,594)</u>	<u>(600,539)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,186,420</u>	<u>\$ 1,759,735</u>

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30, 2021:

Due within one year, net	\$ 83,931
Total pledges receivable	<u>\$ 83,931</u>

THE EDIBLE SCHOOLYARD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 FAIR VALUE MEASUREMENTS AND INVESTMENTS

The following table presents the assets and liabilities recognized in the accompanying statements of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at June 30, 2021:

	Level 1
Equity Securities	\$ 351,320
Bond Funds	51,032
Equity Funds	1,841,468
Cash	50,734
Total assets at fair value	\$ 2,294,554

Investment earnings are as follows for the year ended June 30, 2021:

Interest income	\$ 38,766
Realized gain	24,451
Unrealized gain	497,875
Total investment income	\$ 561,092

NOTE 6 ACCRUED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The balance of accrued vacation at June 30, 2021 is \$53,593.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated sick leave benefits are not recognized as liabilities since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period taken.

NOTE 7 NOTES PAYABLE

The Organization has two Paycheck Protection Loans that originated in May 2020 and February 2021 and mature in May 2022 and February 2026. The interest rates are one percent. The loan total at June 30, 2021 is \$259,000 and \$302,640, respectively. Subsequent to yearend, in August 2021, the first loan was forgiven and in October 2021 the second loan was forgiven.

THE EDIBLE SCHOOLYARD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are as follows at June 30, 2021:

Community engagement	\$ 17,214
Stockton project	3,022
Lavender hillside	<u>3,358</u>
Total	<u>\$ 23,594</u>

NOTE 9 RELATED PARTY TRANSACTIONS

The Organization is party to the following transactions with Chez Panisse Restaurant (Restaurant), which is owned by the Organization's President.

The Restaurant receives royalties for its branded dinnerware sold by the outside manufacturer. The Restaurant donates these royalties to the Organization, which have been included in corporate donations. Total royalties donated were \$21,672 for the year ended June 30, 2021.

The Organization's President receives honorariums for speaking and publishing engagements, which are then donated to the Organization. Total honorariums received by the Organization was \$25,500 for the year ended June 30, 2021.

NOTE 10 RETIREMENT PLAN

The Organization's employees participate in a 403(b) defined benefit contribution plan (Plan). The Plan is open to all employees for salary deferrals immediately. The Organization makes discretionary contributions to the Plan, which employees are eligible for after one year and 1,000 hours of service to the Organization. The Organization's contributions to the plan amounted to \$53,736 for the year ended June 30, 2021.

NOTE 11 COMMITMENTS

The Organization leases a corporate office in Berkeley under operating leases and is a month to month lease. The lease requires monthly rental payments of \$2,500. Total rent expense was \$34,737 for the year ended June 30, 2021.

THE EDIBLE SCHOOLYARD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 SUBSEQUENT EVENTS

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic and the Organization and the area it operates in was subject to a public health order that affected the activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact.