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# **THE EDIBLE SCHOOLYARD PROJECT**

## **FINANCIAL STATEMENTS**

**June 30, 2022**

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**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

# THE EDIBLE SCHOOLYARD PROJECT

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**INDEPENDENT AUDITORS' REPORT**

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

**Opinion**

We have audited the accompanying financial statements of The Edible Schoolyard Project (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows and functional expenses, for the year then ended, and the related notes to the financial statements. 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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we: Exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Croody & Lameda CPAs LLP*

Oakland, California

December 20, 2022

# THE EDIBLE SCHOOLYARD PROJECT

## Statement of Financial Position June 30, 2022

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### Assets

Assets	
Cash and cash equivalents	\$ 1,324,981
Contributions receivable	157,646
Accounts receivable	16,344
Investments (Note 3)	1,982,117
Prepaid expenses and deposits	23,556
Property and equipment, net (Note 5)	56,846
In-kind lease right-of-use asset	240,000
Total Assets	<u>\$ 3,801,490</u>

### Liabilities and Net Assets

Liabilities	
Accounts payable and accrued expenses	\$ 98,792
Accrued vacation	40,691
Note payable	-
Total Liabilities	<u>139,483</u>
Net Assets	
Without donor restrictions	2,764,394
With donor restrictions (Note 8)	897,613
Total Net Assets	<u>3,662,007</u>
Total Liabilities and Net Assets	<u>\$ 3,801,490</u>

## THE EDIBLE SCHOOLYARD PROJECT

### Statement of Activities For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Support			
Foundation	\$ 847,326	\$ 1,620,000	\$ 2,467,326
Individual	390,010		390,010
Fundraising event, net (Note 9)	173,072		173,072
Government	144,724		144,724
Total Support	1,555,132	1,620,000	3,175,132
Revenue			
Honorariums	62,350		62,350
Other	1,003		1,003
Total Revenue	63,353	-	63,353
In-kind contributions (Note 10)	95,459	240,000	335,459
Investment activity, net (Note 3)	(317,529)		(317,529)
Paycheck Protection Program (Note 6)	561,800		561,800
Support provided by expiring time and purpose restrictions	985,981	(985,981)	-
Total Support and Revenue	2,944,196	874,019	3,818,215
<b>Expenses</b>			
Program	2,124,853		2,124,853
Management and general	268,533		268,533
Fundraising	388,029		388,029
Total Expenses	2,781,415	-	2,781,415
Change in Net Assets	162,781	874,019	1,036,800
Net Assets, beginning of year	2,601,613	23,594	2,625,207
Net Assets, end of year	\$ 2,764,394	\$ 897,613	\$ 3,662,007

See Notes to the Financial Statements

## THE EDIBLE SCHOOLYARD PROJECT

### Statement of Cash Flows For the Year Ended June 30, 2022

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<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 1,036,800
Adjustments to reconcile changes in net assets to cash provided (used) by operating activities:	
Depreciation	10,862
Investment activity, net	317,529
Stock donation	(5,092)
In-kind donation - use of farmland	(240,000)
Paycheck Protection Program forgiveness	(561,640)
Change in assets and liabilities:	
Contributions receivable	(73,715)
Accounts receivable	(16,344)
Prepaid expenses and deposits	4,071
Accounts payable and accrued expenses	62,399
Accrued vacation	(12,902)
Net cash provided (used) by operating activities	<u>521,968</u>
<b>Cash flows from investing activities:</b>	
Purchase of property and equipment	<u>(28,516)</u>
Net cash provided (used) by investing activities	<u>(28,516)</u>
Net change in cash and cash equivalents	493,452
Cash and cash equivalents, beginning of year	<u>831,529</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,324,981</u></u>
Supplemental information:	
Interest paid	<u><u>\$ 55</u></u>

## THE EDIBLE SCHOOLYARD PROJECT

### Statement of Functional Expenses For the Year Ended June 30, 2022

	Program	Management and General	Fundraising	Total
Salaries	\$ 995,685	\$ 97,587	\$ 225,070	\$ 1,318,342
Retirement contributions	38,144	4,019	8,879	51,042
Other employee benefits	197,305	33,717	43,174	274,196
Payroll taxes	81,648	8,125	18,599	108,372
Total Personnel	<u>1,312,782</u>	<u>143,448</u>	<u>295,722</u>	<u>1,751,952</u>
Fees for service	500,787	56,250	29,141	586,178
Supplies and office expenses	46,535	22,700	8,486	77,721
Information technology	5,499	-	4,558	10,057
Occupancy	44,510	4,362	10,061	58,933
Travel and meals	21,906	149	4,086	26,141
Conferences, meetings and events	500	-	32,831	33,331
Program supplies	112,864	-	-	112,864
Depreciation	8,420	1,588	854	10,862
Insurance	5,440	4,560	1,433	11,433
In-kind - food, materials, supplies	-	35,459	-	35,459
In-kind - use of space	60,000	-	-	60,000
Interest	-	-	55	55
Other	5,610	17	802	6,429
Total Expenses	<u>\$ 2,124,853</u>	<u>\$ 268,533</u>	<u>\$ 388,029</u>	<u>\$ 2,781,415</u>
Expenses reported on a net basis on Statement of Activities				
Event direct expense	-	-	8,418	8,418
Total Expenses	<u>\$ 2,124,853</u>	<u>\$ 268,533</u>	<u>\$ 396,447</u>	<u>\$ 2,789,833</u>

See Notes to the Financial Statements

## THE EDIBLE SCHOOLYARD PROJECT

### Notes to the Financial Statements For the Year Ended June 30, 2022

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#### NOTE 1: NATURE OF ACTIVITIES

The Edible Schoolyard Project, (the 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: 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.

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.

##### **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

## THE EDIBLE SCHOOLYARD PROJECT

### Notes to the Financial Statements For the Year Ended June 30, 2022

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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.

#### **Accounting for Revenue**

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates are recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

#### **Accounts Receivable**

Accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on a cost reimbursement or performance grants. The Organization considers all accounts receivable to be fully collectible at June 30, 2022. 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.

#### **Contributions Receivable**

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at June 30, 2022. 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.

## THE EDIBLE SCHOOLYARD PROJECT

### Notes to the Financial Statements For the Year Ended June 30, 2022

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#### 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 IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2022 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.

#### Honorariums

Honorariums consist of fees collected from speaking engagements or presentations. Revenue from such activity is recognized upon completion of performance obligations.

#### 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.

#### 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:

Leasehold improvements	15 years
Furniture and equipment	5-10 years
Website	4-10 years

## THE EDIBLE SCHOOLYARD PROJECT

### Notes to the Financial Statements For the Year Ended June 30, 2022

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Vehicle

5-15 years

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.

#### **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 using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Occupancy expenses are allocated based on the percentage of salaries.

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

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. Additionally, advertising costs are expensed as incurred.

#### **Recent Accounting Pronouncements**

In September 2020, the FASB issued *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update was designed to increase the transparency of contribution nonfinancial assets through enhancements to presentation and disclosure. The update requires that in-kind contributions be presented as a separate line on the statement of activities, disaggregate in-kind contributions by category, describe whether contributed nonfinancial assets were monetized or utilized, disclose policies for monetization rather than utilization (if any), donor-imposed restrictions related to in-kind contributions and describe the valuation techniques used to arrive at a fair value measure of value of donated items. The Organization's adoption of this update did not have a material impact on the Organizations financial statements.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842)*. The amendments in this update will supersede much of the existing authoritative guidance for leases. The ASU requires lessees to recognize right-of-use assets and liabilities on their balance sheet

## THE EDIBLE SCHOOLYARD PROJECT

### Notes to the Financial Statements For the Year Ended June 30, 2022

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for all leases with lease terms longer than twelve months. Further updates to this ASU included *ASU No. 2018-01, Leases: Land Easement Practical Expedient*, *ASU No. 2021-05, Leases: Lessors – Certain Leases with Variable Lease Payments* and certain additional ASU's. The Organization adopted this ASU for the year ended June 30, 2022.

#### Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of December 20, 2022, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

#### NOTE 3: INVESTMENTS

The fair value of investments consisted of the following at June 30, 2022

Cash	\$ 95,763
Exchange Traded Funds	294,686
Mutual Funds	<u>1,591,668</u>
Total	<u>\$ 1,982,117</u>

#### Investment Activity

Investment activity consisted of the following for the year ended June 30, 2022:

Interest and dividends	\$ 39,667
Realized and unrealized gains (losses)	<u>(357,196)</u>
Total	<u>\$ (317,529)</u>

#### NOTE 4: 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 value 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 - 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 other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

Fair value inputs of assets measured on recurring basis were as follows at June 30, 2022:

	<u>Level 1</u>
Cash	\$ 95,763
Mutual funds and ETF's	
Fixed income	362,471
Equity	1,210,818
Real estate and market neutral	<u>313,065</u>
Total	<u>\$ 1,982,117</u>

**THE EDIBLE SCHOOLYARD PROJECT**

**Notes to the Financial Statements  
For the Year Ended June 30, 2022**

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**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2022:

Leasehold improvements	\$ 9,378
Website	16,580
Furniture and equipment	62,768
Vehicle	28,017
Less accumulated depreciation	<u>(59,897)</u>
Total	<u>\$ 56,846</u>

**NOTE 6: PAYCHECK PROTECTION PROGRAM**

During the year ended June 30, 2022, the Organization received notice of forgiveness for the full amount of its PPP loan totaling \$561,800.

**NOTE 7: CONTINGENCIES**

**Compliance with Donor Restrictions**

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 at June 30, 2022:

Program	\$ 420,000
Time restricted	<u>477,613</u>
Total	<u>\$ 897,613</u>

**NOTE 9: FUNDRAISING EVENT**

The Organization held its annual special fundraising event virtually during the year. Income from the event consisted of the following for the year ended June 30, 2022.

Admissions, donations and sponsorships	\$ 181,490
Less cost of direct donor benefits	<u>(8,418)</u>
Total	<u>\$ 173,072</u>

**NOTE 10: IN-KIND CONTRIBUTIONS**

The Organization received the following in-kind contributions during the year ended June 30, 2022:

**THE EDIBLE SCHOOLYARD PROJECT**

**Notes to the Financial Statements  
For the Year Ended June 30, 2022**

<u>Type</u>	<u>Utilized or monetized</u>	<u>Donor Restriction</u>	<u>Valuation method</u>	<u>Value</u>
Farmland lease – 5 yrs.	Utilized	Program use and maintenance of property	Estimate based on value of land and cap rate	\$ 300,000
Donated auction items	Monetized	No further donor restrictions	FMV based on auction proceeds	28,999
Services	Utilized	No further donor restrictions	Estimated FMV based on similar services	<u>6,460</u>
		Total		<u>\$ 335,459</u>

**NOTE 11: CONCENTRATIONS**

**Accounts and Contributions Receivables**

Two funders made up 64% of the Organization’s contributions receivable as of June 30, 2022.

**Support and Revenue**

One funder made up 42% of the Organization’s total support and revenue for the year ended June 30, 2022.

**NOTE 12: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 are:

Cash and cash equivalents	\$ 1,324,981
Contributions receivable	157,646
Accounts receivable	16,344
Investments	1,982,117
Less purpose-restricted net assets	<u>(420,000)</u>
Total	<u>\$ 3,061,088</u>

As part of the Organization’s liquidity management plan, the Organization deposits funds in excess of daily requirements in cash and certificates of deposits.

**NOTE 13: UNCERTAINTIES**

**Coronavirus**

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. 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 Center’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.