



FOODCORPS, INC.

**INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS WITH
UNIFORM GUIDANCE REPORTS**

YEAR ENDED JULY 31, 2019 AND 2018

FOODCORPS, INC.
FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
FoodCorps, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of FoodCorps, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2019, 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.

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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 FoodCorps, Inc. as of July 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 FoodCorps, Inc.'s July 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and

INDEPENDENT AUDITORS' REPORT

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated April 10, 2020, on our consideration of FoodCorps Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FoodCorps, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FoodCorps Inc.'s internal control over financial reporting and compliance.

Rosenberg + Manente PLLC

Rosenberg and Manente, PLLC
Certified Public Accountants
New York, New York

April 10, 2020

FOODCORPS, INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,135,498	\$ 4,031,726
Unconditional Promises to Give, Net of Allowance for Doubtful Accounts	2,621,847	1,770,850
Government Grant Receivables	366,759	345,680
Program Service Fees and Other Receivables	181,285	33,669
Prepaid Expenses	578,759	448,825
TOTAL CURRENT ASSETS	7,884,148	6,630,750
LONG TERM ASSETS		
Unconditional Promises to Give	3,105,498	3,171,483
TOTAL LONG TERM ASSETS	3,105,498	3,171,483
FIXED ASSETS		
Property and Equipment, Net of Accumulated Depreciation	138,209	101,539
TOTAL FIXED ASSETS	138,209	101,539
OTHER ASSETS		
Security Deposit	50,383	48,499
TOTAL OTHER ASSETS	50,383	48,499
TOTAL ASSETS	\$ 11,178,238	\$ 9,952,271
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 134,637	\$ 56,703
Accrued Expenses	129,908	54,235
Credit Cards Payable	189,365	114,003
Accrued Salaries and Related Expenses	261,957	219,692
Accrued Paid Time Off	318,989	208,488
Unearned Revenue	47,156	49,500
Deferred Rent - Current Portion	7,909	786
TOTAL CURRENT LIABILITIES	1,089,921	703,407
LONG-TERM LIABILITIES		
Deferred Rent	72,784	9,787
TOTAL LONG-TERM LIABILITIES	72,784	9,787
TOTAL LIABILITIES	1,162,705	713,194
NET ASSETS		
Without Donor Restrictions	3,843,801	3,286,633
With Donor Restrictions	6,171,732	5,952,444
TOTAL NET ASSETS	10,015,533	9,239,077
TOTAL LIABILITIES AND NET ASSETS	\$ 11,178,238	\$ 9,952,271

See Accompanying Notes to Financial Statements

FOODCORPS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2019
(With Comparative Totals for the Year Ended July 31, 2018)

	JULY 31, 2019			JULY 31, 2018
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
REVENUES, GAINS AND OTHER SUPPORT				
Grants	\$ 4,450,350	\$ 6,737,324	\$ 11,187,674	7,349,535
Contributions	4,115,248	1,120,265	5,235,513	3,612,926
Program Service Revenue	1,614,240	-	1,614,240	1,562,988
Donated Professional Services and Gifts In-Kind	21,800	-	21,800	44,017
Miscellaneous	114,367	-	114,367	80,111
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	10,316,005	7,857,589	18,173,594	12,649,577
Net Assets Released from Restrictions				
Satisfaction of Time and Program Restrictions	7,638,301	(7,638,301)	-	-
Total Revenue, Gains and Other Support	17,954,306	219,288	18,173,594	12,649,577
EXPENSES				
Program Services	12,986,940	-	12,986,940	11,132,450
Supporting Services				
Management and General	1,458,834	-	1,458,834	1,448,744
Fundraising	2,951,364	-	2,951,364	2,241,591
Total Supporting Services	4,410,198	-	4,410,198	3,690,335
Total Expenses	17,397,138	-	17,397,138	14,822,785
CHANGES IN NET ASSETS	557,168	219,288	776,456	(2,173,208)
NET ASSETS, BEGINNING OF YEAR	3,286,633	5,952,444	9,239,077	11,412,285
NET ASSETS, ENDING OF YEAR	\$ 3,843,801	\$ 6,171,732	\$ 10,015,533	\$ 9,239,077

FOODCORPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2019
(With Comparative Totals for the Year Ended July 31, 2018)

	JULY 31, 2019			JULY 31, 2018	
	Program Services	Management and General	Fundraising	Total	Total
Personal Service Expenses					
Salaries and Temporary Services	\$ 8,066,989	\$ 703,684	\$ 1,899,774	\$ 10,670,447	9,487,874
Employee Benefits	1,125,492	113,063	241,187	1,479,742	1,218,865
Payroll Taxes	595,936	79,718	139,934	815,588	753,145
Research and Evaluation					
Research and Evaluation Consultants	31,288	-	43	31,331	49,590
Database Hosting and Maintenance	17,759	706	10,170	28,635	14,808
Building and Occupancy					
Rent	327,719	97,823	135,744	561,286	357,764
Utilities	22,876	11,204	12,546	46,626	27,253
Technology and Communications					
Website, Press and Media	8,481	-	2,447	10,928	7,299
Photo and Video	4,565	-	4,127	8,692	8,366
Telephone and Internet	31,166	1,113	2,226	34,505	23,068
Consulting	50,954	27,688	27,376	106,018	84,448
Computer Expenses	195,048	6,966	13,932	215,946	172,482
Depreciation	41,672	1,852	2,778	46,302	30,091
Training and Staff Development					
Consulting	78,477	-	-	78,477	49,889
Uniforms	508	1,443	975	2,926	12,501
Conferences	171,127	16,391	13,111	200,629	104,029
Travel, Meals and Lodging	721,459	70,151	-	791,610	683,268
Printing	33,459	2,981	12,050	48,490	58,111
Other Training and Staff Development	45,833	1,644	3,282	50,759	20,838
Administrative and Other					
Compliance	11,844	15,782	650	28,276	25,722
Consulting	501,842	10,500	112,017	624,359	508,568
Grants to Other Organizations	90,000	-	-	90,000	-
Insurance and Other Administrative Expenses	110,056	25,825	13,842	149,723	71,304
Payroll, Bank and Merchant Processing	14	1,958	267	2,239	4,130
Postage and Delivery	3,209	5,306	18,816	27,331	13,053
Professional Fees	282,365	97,743	104,472	484,580	285,774
Supplies and Reference Materials	150,426	24,761	26,757	201,944	233,540
Travel, Meals and Lodging	266,376	43,501	152,841	462,718	469,789
Bad Debt Expense	-	97,031	-	97,031	47,216
Total Expenses	\$ 12,986,940	\$ 1,458,834	\$ 2,951,364	\$ 17,397,138	\$ 14,822,785

FOODCORPS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JULY 31, 2019 AND 2018

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 776,456	\$ (2,173,208)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	46,302	30,091
Decrease (Increase) in:		
Unconditional Promises to Give	(785,012)	2,939,247
Government Grant Receivables	(21,079)	140,754
Program Service Fees and Other Receivables	(147,616)	63,562
Prepaid Expenses	(129,934)	(82,378)
Security Deposits	(1,884)	(158)
Increase (Decrease) in:		
Accounts Payable	77,934	3,273
Accrued Expenses	75,673	8,706
Credit Cards Payable	75,362	13,499
Accrued Paid Time Off	110,501	134,130
Accrued Salaries and Related Expenses	42,265	-
Unearned Revenue	(2,344)	31,452
Deferred Rent	70,120	10,573
NET CASH PROVIDED BY OPERATING ACTIVITIES	186,744	1,119,543
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(82,972)	(14,041)
NET CASH USED IN INVESTING ACTIVITIES	(82,972)	(14,041)
NET INCREASE IN CASH AND CASH EQUIVALENTS	103,772	1,105,502
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,031,726	2,926,224
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,135,498	\$ 4,031,726
SUPPLEMENTAL DISCLOSURE:		
Cash Paid During the Year For:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

See Accompanying Notes to Financial Statements

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2019 AND 2018

NOTE 1 - NATURE OF ORGANIZATION

FoodCorps, Inc. ("FoodCorps" or the "Organization") is a New York nonprofit corporation chartered on November 15, 2010. Through its national staff, partner organizations and the network of emerging leaders in its AmeriCorps public service program, FoodCorps seeks to connect children to healthy food in school. FoodCorps is a nonprofit public charity recognized under section 501(c)(3) of the IRS code.

FoodCorps fielded its eighth class of leaders during the fiscal period under audit, supporting 228 service members throughout their yearlong term of service and working across 17 states and Washington D.C. to meet the Organization's mission. Together with communities, FoodCorps serves to connect children to healthy food in school.

Hands-On Learning:

- Taught 28,784 kids for 10+ hours - a tipping point to change what kids eat.
- Supported 521 gardens for immersive outdoor learning.

Healthy School Meals:

- 3,260 state tests and promotions in the cafeteria.
- 104 new foods added to the lunch line.

Schoolwide Culture of Health:

- 114 schools held parent or family workshops covering growing, cooking, and serving fruits and vegetables at home and accessing healthy food in the community

The Organization receives the majority of its funding from foundation and government grants, individual donations, corporate sponsorships, and cost-sharing payments from its nonprofit partner organizations.

FoodCorps Service Members are AmeriCorps members who serve with and through the Organization. Each one commits to an eleven and 1/2-month term of paid public service fostering healthy school food environments in limited-resource communities.

FoodCorps' state programs staff or State Partners oversee the Organization's AmeriCorps program within their state and work closely with AmeriCorps members and Service Sites. Service Sites are community-level partners that directly supervise a service member or service team. Service Site partners can be nonprofit organizations, public schools or districts, government agencies or academic institutions.

This year, we launched reWorking Lunch, a multi-sector national initiative that brings together key players from business, school districts, government, nonprofits, and philanthropy to design and implement solutions that make healthier, higher quality food abundant and readily accessible for school.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Under this method, revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which the related liability is incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less and time deposit accounts with no withdrawal restrictions other than loss of end of term interest to be cash equivalents. At July 31, 2019 and 2018, there was no restricted cash.

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The statements of financial position and of activities focuses on the Organization as a whole and report total assets, liabilities, net assets and changes in net assets in accordance with the FASB ASC 958-205, Financial Statements of Not-for-Profit Organizations.

Financial Instruments

The Organization's financial instruments are cash and cash equivalents and contributions receivable. The recorded values of cash and cash equivalents and contributions receivable approximate fair values based on their short-term nature.

Receivables

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until conditions are substantially met.

Allowance for Doubtful Accounts

The Organization determines whether an allowance for doubtful accounts should be provided for accounts receivable. Such estimates are based on management's assessment of the aged basis of its sources, current economic conditions, subsequent receipts and historical information. Accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of July 31, 2019 and 2018, allowance for doubtful accounts totaled \$31,722 and \$0, respectively.

Fixed Assets

It is the Organization's policy to capitalize property and equipment over \$1,000; lesser amounts are expensed. Fixed assets are recorded at cost. Maintenance and repairs are charged to expenses as incurred; major betterments are capitalized. When items or property and equipment are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in the results of operations. Management reviews property and equipment for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Property and equipment are written off to operations when considered impaired.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Furniture and Office Equipment	3 to 5 years
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Website and Database

Expenditures in relation to the development, modification and maintenance of the Organization's website and database are recorded as expenses in the period in which they were incurred.

Training and Staff Development

The Organization provides training for its service members in order for them to effectively carry out its mission on the ground. As part of this training, the Organization hosts an annual national training conference and three regional training conferences. The applicable travel, meals and lodging expenses for this training conference are, accordingly, included in program expenses in the accompanying financial statements.

Employee Benefit Plan

Eligible employees are invited to participate in the Organization's 401(k) plan. The Organization provides a 50% match on each employee's total contribution up to \$3,000 per year. Matches are assessed on a calendar year basis.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets of the Organization, and changes therein, are classified and reported as follows:

(1) Net Assets Without Donor Restrictions:

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets are available for use at the discretion of the Board Directors and management. The Board can designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. See Note 13 for more information on the composition of net assets without donor restrictions.

(2) Net Assets With Donor Restrictions:

Net assets subject to stipulations imposed by donors, and grantors. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As of July 31, 2019 and 2018, the Organization did not have any donor-restricted contributions that were perpetual in nature. See Note 14 or more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

Revenue Recognition

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year. Promises to contribute that stipulate conditions to be met before the contributions is made are not recorded until the conditions are met. For the years ended July 31, 2019 and 2018, there were conditional promises to give totaling \$665,000 and \$330,000, respectively, which stipulate milestone requirements not yet met by the Organization for future years through 2020.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require special skills and are performed by people with those skills and would otherwise be purchased by the Organization.

Program Service Fees are earned as the participating member hires complete their program year.

Rent Expense

The Organization records rent expense associated with its office lease on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is subject to routine audits by various federal, state and local taxing authorities; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2016.

The financial statements effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the Statement of Activities.

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel Service Expense	Time and Effort and Direct
Consulting Costs	Time and Effort
Professional Services	Direct
Insurance	Direct
Supplies and Reference Materials	Direct and Head Count
Building and Occupancy	Head Count
Program Outreach and Engagement	Direct
Computer Expenses and Hosting	Direct and Head Count
Travel, Meals and Lodging	Direct

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Organization adopted the change in presentation in the current year and has chosen to present the statement of cash flows using the indirect method.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. As of July 31, 2019 and 2018, the Organization did not have nonoperating activities.

Advertising Costs

Advertising costs are generally charged to operations in the year incurred. For the years ended July 31, 2019 and 2018, there was no advertising expense.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2019 AND 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Information

The financial statements include certain 2018 comparative information. With respect to the statement of activities, such prior year information is not presented by net asset class and, in the statement of functional expenses, 2018 expenses by natural classification are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's 2018 financial statements from which the summarized information was derived.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform with the current year financial statement presentation.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Certain grants and contracts may be subject to audit by funding sources. Such audits may result in disallowance of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

The Organization may be involved in legal actions arising in the ordinary course of its business. It is the opinion of management that such actions will be resolved without material effect on the Organization's financial position.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment by major classification is summarized as follows:

	<u>2019</u>	<u>2018</u>
Furniture and Office Equipment	\$ 300,240	\$ 217,268
Less: Accumulated Depreciation	<u>162,031</u>	<u>115,729</u>
Property and Equipment, Net	<u>\$ 138,209</u>	<u>\$ 101,539</u>

Depreciation expense for the years ended July 31, 2019 and 2018 was \$46,302 and \$30,091, respectively.

NOTE 5 - EMPLOYEE BENEFIT PLANS

During the years ended July 31, 2019 and 2018, the Organization contributed \$166,798 and \$153,808, respectively, to the 401(k) plan to meet the 50% employer match.

NOTE 6 - RELATED PARTIES

The Organization received donations from members of the Board of Directors, as well as from various relatives of the Board. In addition, various members of the Organization's board of directors also served on the boards of unrelated organizations that contributed to the Organization and have pledged donations to the Organization. During the years ended July 31, 2019 and 2018, total contributions from Board Members and related parties total \$1,418,585 and \$795,167, respectively. In addition, during the year ended July 31, 2019, the Organization paid a staff member's husband \$29,887 for photography work.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2019 AND 2018**

NOTE 7 - LEASE COMMITMENTS AND RENTAL EXPENSE

The Organization leases office and program space under various operating leases expiring at various dates through the fiscal year end 2024. In addition, the Organization has various office equipment operating leases.

Future minimum lease payments are as follows:

Year Ended July 31,	
2020	\$ 479,438
2021	402,380
2022	398,739
2023	235,309
2024	235,309
2025 and thereafter	<u>352,964</u>
Total	<u>\$ 2,104,139</u>

Rent expense for the years ended July 31, 2019 and 2018 was \$561,286 and \$357,764, respectively.

NOTE 8 - VOLUNTEER SERVICES

During the years ended July 31, 2019 and 2018, many individuals volunteered their time and performed a variety of tasks that assisted the Organization. However, these services do not meet the criteria for recognition as contributed services.

NOTE 9 - CONCENTRATIONS AND CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents accounts in financial institutions, which, from time to time, may exceed the Federal Depository Insurance Coverage limit. As of July 31, 2019 and 2018, cash and cash equivalents exceeding federally insured limits totaled \$4,032,911 and \$3,604,960, respectively. In assessing its risk, the Organization's policy is to maintain funds only with reputable financial institutions, and management believes the risk of losses is minimal.

Grants and contributions received from a single funder may, at times, exceed 20% of total support. The Organization assesses credit risk related to such grants on a contract-by-contract basis.

NOTE 10 - UNEARNED REVENUE

As of July 31, 2019 and 2018, unearned revenue from program service fees was \$47,156 and \$49,500, respectively.

NOTE 11 - DONATED SERVICES AND DONATIONS IN-KIND

Donated goods and services that meet the requirements for recognition are recorded as revenue and expenses in the accompanying statement of activities. The Organization received donated food of \$15,000 for both the years ending July 31, 2019 and 2018, respectively. For the years ended July 31, 2019 and 2018, the Organization received donated legal services totaling \$6,800 and \$29,017, respectively. These products and services are included in training and staff development and professional fees in the accompanying financial statements, respectively. The values of the food and legal services are based upon estimates provided by the donors.

FOODCORPUS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2019 AND 2018**

NOTE 12 - RECEIVABLES

Receivables, including unconditional promises to give, government grants, and program services and other receivables, were discounted to net present value using a discount rate of 3.5%. Total receivables as of July 31, 2019 and 2018 consisted of the following:

	2019	2018
Amount Due In:		
Less Than One Year	\$ 3,201,613	\$ 2,150,199
One to Three Years	2,744,106	2,241,000
Four or More Years	600,000	1,200,000
Total	6,545,719	5,591,199
Less: Discount to Present Value	238,608	269,517
Less: Allowance for Doubtful Accounts	31,722	--
Total Receivables, Net	<u>\$ 6,275,389</u>	<u>\$ 5,321,682</u>

NOTE 13 - NET ASSETS WITHOUT DONOR RESTRICTIONS

For the years ending July 31, 2019 and 2018, the Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes:

	2019	2018
Undesignated	<u>\$ 3,843,801</u>	<u>\$ 3,286,633</u>

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

For the year ended July 31, 2019, net assets with donor restrictions are restricted for the following purposes as follows:

Restriction Type	Beginning of Fiscal Year	Contributions	Released	End of Fiscal Year
FYE 2019 Programming Support	\$ --	\$ 3,595,000	(\$ 3,595,000)	\$ --
Purpose Restriction – State Specific	561,234	919,080	(1,170,813)	309,501
Time Restriction Multi-Year	5,391,210	3,343,509	(2,872,488)	5,862,231
Total	<u>\$ 5,952,444</u>	<u>\$ 7,857,589</u>	<u>(\$ 7,638,301)</u>	<u>\$ 6,171,732</u>

For the year ended July 31, 2018, net assets with donor restrictions are restricted for the following purposes as follows:

Restriction Type	Beginning of Fiscal Year	Contributions	Released	End of Fiscal Year
FYE 2018 Programming Support	\$ 2,110,000	\$ 232,054	(\$ 2,342,054)	\$ --
Purpose Restriction – State Specific	922,927	1,118,438	(1,480,131)	561,234
Time Restriction FYE 2018	25,000	--	(25,000)	--
Time Restriction Multi-Year	6,353,338	2,616,869	(3,578,997)	5,391,210
Total	<u>\$ 9,411,265</u>	<u>\$ 3,967,361</u>	<u>(\$ 7,426,182)</u>	<u>\$ 5,952,444</u>

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2019 AND 2018**

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions are available as follows:

	<u>2019</u>	<u>2018</u>
July 31, 2019	\$ --	\$ 2,780,961
July 31, 2020	3,066,234	913,415
July 31, 2021	1,256,381	659,562
July 31, 2022	711,801	548,765
July 31, 2023	614,449	532,678
July 31, 2024	<u>522,867</u>	<u>517,063</u>
	<u>\$ 6,171,732</u>	<u>\$ 5,952,444</u>

NOTE 15 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statements of financial position date for general expenditure for the years ending July 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 4,135,498	\$ 4,031,726
Total Receivables (see Note 12)	<u>6,275,389</u>	<u>5,321,682</u>
Total Financial Assets	<u>10,410,887</u>	<u>9,353,408</u>
Less:		
Amounts Unavailable for General Expenditures Within One Year, at net present value, Due To:		
Restricted by Donors with Purpose Restrictions	304,501	561,234
Restricted by Donors with Timing Restrictions	<u>3,105,498</u>	<u>3,171,483</u>
Total Amounts Unavailable for General Expenditures Within One Year	<u>3,409,999</u>	<u>3,732,717</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 7,000,888</u>	<u>\$ 5,620,691</u>

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$2.2 million). As part of its liquidity plan, the Organization has the ability to scale-back and reduce non-essential support services.

NOTE 16 - BAD DEBT EXPENSE

Bad debt expense for years ending July 31, 2019 and 2018 totaled \$97,031 and \$47,216, respectively.

NOTE 17 - SUBSEQUENT EVENTS

The impacts of the global emergence of Coronavirus disease (COVID-19) on the Organization are currently unknown. The Organization is conducting business as usual with modifications to employee travel, employee work locations, and cancellation of certain events, among other modifications. The Organization will continue to actively monitor the situation and may take further actions that alter business operations as may be required by federal, state or local authorities or that are determined to be in the best interest of the Organization's employees, service members, donors, partners and suppliers. It is not clear what the potential effects any such alterations or modifications may have on the Organization, including the effects on donors and prospects, or on the Organization's financial results for fiscal year end 2020.

Management has evaluated subsequent events through April 10, 2020, which is the date the financial statements were available to be issued and determined no adjustments to the financial statements or additional disclosures are necessary.

FOODCORPS, INC.
SUPPLEMENTARY INFORMATION
UNIFORM GUIDANCE REPORTS
YEAR ENDED JULY 31, 2019

FOODCORPS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2019

Federal Grantor / Program Title	Contract Number	Federal CFDA Number	Government Revenue Federal	Program Expenditures from Governmental Revenue	Payments to Subrecipients
United States Department of Agriculture Food and Nutrition Service					
Direct Program					
New Jersey Farm to School Grant Program	CN-F2S-SS-OR-16	10.575	\$ 15,548	\$ 15,548	-
Food and Agriculture Service Learning Program	2018-70026-28912	10.522	166,217	166,217	-
Corporation for National and Community Service					
Direct Program					
AmeriCorps National Fixed Amount Grant	18ED201337	94.006 *	1,420,237	1,420,237	-
Pass Through					
Connecticut Commission on Community Service	18DHE1250AA	94.006 *	213,933	213,933	-
University of Hawaii	16FXHHI001	94.006 *	112,900	112,900	-
Massachusetts Service Alliance	16ESHMA001	94.006 *	268,600	268,600	-
New Jersey Department of State/AmeriCorps - NJCNCS	AC19Fixed-002	94.006 *	137,268	137,268	-
Michigan Community Service Commission	E20193534-00	94.006 *	168,414	168,414	-
Mississippi Commission for Volunteer Service	18ES205570	94.006 *	118,707	118,707	-
			<u>2,440,059</u>	<u>2,440,059</u>	<u>-</u>
			<u>\$ 2,621,824</u>	<u>\$ 2,621,824</u>	<u>\$ -</u>

* Major Program

FOODCORPS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JULY 31, 2019

1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of FoodCorps, Inc. under programs of the federal government for the year ended July 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of FoodCorps Inc. it is not intended to and does not present the financial position, change in net assets, or cash flows of FoodCorps Inc.

2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards of FoodCorps, Inc. is presented on the accrual basis of accounting.

3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

4) Indirect Cost Rate

FoodCorps Inc. has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
FoodCorps, Inc.
New York, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of FoodCorp Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered FoodCorp Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FoodCorp Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of FoodCorp Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FoodCorp Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rosenberg + Manente PLLC

Rosenberg and Manente, PLLC
Certified Public Accountants

New York, NY
April 10, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Director
FoodCorps, Inc.
New York, New York

Report on Compliance for Each Major Federal Program

We have audited FoodCorps, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of FoodCorps, Inc.'s major federal programs for the year ended July 31, 2019. FoodCorps, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of FoodCorps, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about FoodCorps, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of FoodCorps, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, FoodCorps, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2019.

Report on Internal Control Over Compliance

Management of FoodCorps, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered FoodCorps, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of FoodCorps, Inc.'s internal control over compliance.

FOODCORPS, INC.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rosenberg + Manente PLLC

Rosenberg and Manente, PLLC
Certified Public Accountants

New York, NY
April 10, 2020

FOODCORP INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JULY 31, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes no
- Significant deficiency(ies) identified? _____ yes none reported

Noncompliance material to financial statements noted? _____ yes no

Federal Award

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes no
- Significant deficiency(ies) identified? _____ yes none reported

Type of auditors' report issued on
 Compliance for major programs Unmodified

Any audit findings disclosed that are
 required to be reported in accordance with
 Section CFR 200.516(a) of the Uniform Guidance? _____ yes no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
94.006	AmeriCorps National Fixed Amount

Dollar threshold used to distinguish between
 Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes _____ no

FOODCORP INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JULY 31, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There are no finding required to be reported in accordance with Generally Accepted Government Auditing Standards.

SECTION IV - SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None