



FOODCORPS, INC.

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

YEAR ENDED JULY 31, 2020 AND 2019

FOODCORPS, INC.
FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2020

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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, 2020, 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, 2020, 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

INDEPENDENT AUDITORS' REPORT

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 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 March 9, 2021, 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

March 9, 2021

FOODCORPS, INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,429,878	\$ 4,135,498
Unconditional Promises to Give, Net of Allowance for Doubtful Accounts	5,023,302	2,621,847
Government Grant Receivables	947,838	366,759
Program Service Fees and Other Receivables	104,006	181,285
Employee Loans	16,271	-
Prepaid Expenses	165,643	578,759
TOTAL CURRENT ASSETS	11,686,938	7,884,148
LONG TERM ASSETS		
Unconditional Promises to Give	2,232,675	3,105,498
TOTAL LONG TERM ASSETS	2,232,675	3,105,498
FIXED ASSETS		
Property and Equipment, Net of Accumulated Depreciation	89,143	138,209
TOTAL FIXED ASSETS	89,143	138,209
OTHER ASSETS		
Security Deposit	38,592	50,383
TOTAL OTHER ASSETS	38,592	50,383
TOTAL ASSETS	\$ 14,047,348	\$ 11,178,238
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 55,542	\$ 134,637
Accrued Expenses	66,416	129,908
Credit Cards Payable	63,380	189,365
Accrued Salaries and Related Expenses	327,038	261,957
Accrued Paid Time Off	417,777	318,989
Unearned Revenue	12,500	47,156
Deferred Rent - Current Portion	2,534	7,909
TOTAL CURRENT LIABILITIES	945,187	1,089,921
LONG-TERM LIABILITIES		
Deferred Rent	86,068	72,784
SBA - Paycheck Protection Program	2,266,400	-
TOTAL LONG-TERM LIABILITIES	2,352,468	72,784
TOTAL LIABILITIES	3,297,655	1,162,705
NET ASSETS		
Without Donor Restrictions	3,422,490	3,843,801
With Donor Restrictions	7,327,203	6,171,732
TOTAL NET ASSETS	10,749,693	10,015,533
TOTAL LIABILITIES AND NET ASSETS	\$ 14,047,348	\$ 11,178,238

See Accompanying Notes to Financial Statements

FOODCORPS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2020
(With Comparative Totals for the Year Ended July 31, 2019)

	JULY 31, 2020			JULY 31, 2019	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL	
REVENUES, GAINS AND OTHER SUPPORT					
Grants	\$ 4,451,539	\$ 7,851,986	\$ 12,303,525	\$	11,187,674
Contributions	4,699,868	1,214,855	5,914,723		5,210,513
Program Service Revenue	1,682,388	-	1,682,388		1,614,240
Donated Professional Services and Gifts In-Kind	15,000	-	15,000		21,800
Royalty Fees	30,000	100,000	130,000		25,000
Miscellaneous	10,330	-	10,330		114,367
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	10,889,125	9,166,841	20,055,966		18,173,594
Net Assets Released from Restrictions					
Satisfaction of Time and Program Restrictions	8,011,370	(8,011,370)	-		-
Total Revenue, Gains and Other Support	18,900,495	1,155,471	20,055,966		18,173,594
EXPENSES					
Program Services	14,454,581	-	14,454,581		12,986,940
Supporting Services					
Management and General	1,825,525	-	1,825,525		1,458,834
Fundraising	3,041,700	-	3,041,700		2,951,364
Total Supporting Services	4,867,225	-	4,867,225		4,410,198
Total Expenses	19,321,806	-	19,321,806		17,397,138
CHANGES IN NET ASSETS	(421,311)	1,155,471	734,160		776,456
NET ASSETS, BEGINNING OF YEAR	3,843,801	6,171,732	10,015,533		9,239,077
NET ASSETS, ENDING OF YEAR	\$ 3,422,490	\$ 7,327,203	\$ 10,749,693	\$	10,015,533

FOODCORPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2020
(With Comparative Totals for the Year Ended July 31, 2019)

	JULY 31, 2020			JULY 31, 2019	
	Program Services	Management and General	Fundraising	Total	Total
Personal Service Expenses					
Salaries and Temporary Services	\$ 9,695,314	\$ 901,773	\$ 2,000,779	\$ 12,597,866	\$ 10,670,447
Employee Benefits	1,297,638	174,502	230,843	1,702,983	1,479,742
Payroll Taxes	719,339	83,037	143,831	946,207	815,588
Research and Evaluation					
Research and Evaluation Consultants	30,195	-	-	30,195	31,331
Database Hosting and Maintenance	11,662	2,130	10,531	24,323	28,635
Building and Occupancy					
Rent	382,689	114,964	164,235	661,888	561,286
Utilities	25,995	7,526	10,752	44,273	46,626
Technology and Communications					
Website, Press and Media	698	-	264	962	10,928
Photo and Video	1,631	-	4,091	5,722	8,692
Telephone and Internet	20,182	655	1,376	22,213	34,505
Consulting	126,106	40,952	120,755	287,813	106,018
Computer Expenses	257,242	8,352	17,539	283,133	215,946
Depreciation	52,385	1,700	3,572	57,657	46,302
Training and Staff Development					
Consulting	49,455	40,000	-	89,455	78,477
Uniforms	534	542	2,371	3,447	2,926
Conferences	180,729	18,504	17,585	216,818	200,629
Travel, Meals and Lodging	479,148	98,152	-	577,300	791,610
Printing	32,245	3,462	4,317	40,024	48,490
Other Training and Staff Development	28,991	941	1,977	31,909	50,759
Administrative and Other					
Compliance	13,163	19,955	-	33,118	28,276
Consulting	290,682	5,618	135,182	431,482	624,359
Grants to Other Organizations	36,665	-	-	36,665	90,000
Insurance and Other Administrative Expenses	73,812	12,642	5,709	92,163	149,723
Payroll, Bank and Merchant Processing	38	5,705	-	5,743	2,239
Postage and Delivery	5,063	4,947	5,440	15,450	27,331
Professional Fees	222,337	147,017	17,914	387,268	484,580
Supplies and Reference Materials	143,686	17,020	27,203	187,909	201,944
Travel, Meals and Lodging	276,957	37,507	115,434	429,898	462,718
Bad Debt Expense	-	77,922	-	77,922	97,031
Total Expenses	\$ 14,454,581	\$ 1,825,525	\$ 3,041,700	\$ 19,321,806	\$ 17,397,138

FOODCORPS, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2020 AND 2019**

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 734,160	\$ 776,456
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	57,657	46,302
Decrease (Increase) in:		
Unconditional Promises to Give	(1,528,632)	(785,012)
Government Grant Receivables	(581,079)	(21,079)
Program Service Fees and Other Receivables	77,279	(147,616)
Employee Loan	(16,271)	-
Prepaid Expenses	413,116	(129,934)
Security Deposits	11,791	(1,884)
Increase (Decrease) in:		
Accounts Payable	(79,095)	77,934
Accrued Expenses	(63,492)	75,673
Credit Cards Payable	(125,985)	75,362
Accrued Salaries and Related Expenses	65,081	-
Accrued Paid Time Off	98,788	152,766
Unearned Revenue	(34,656)	(2,344)
Deferred Rent	7,909	70,120
NET CASH PROVIDED BY OPERATING ACTIVITIES	(963,429)	186,744
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(8,591)	(82,972)
NET CASH USED IN INVESTING ACTIVITIES	(8,591)	(82,972)
CASH FLOWS FROM FINANCING ACTIVITIES		
SBA - Payroll Protection Program	2,266,400	-
NET CASH (USED)/PROVIDED BY FINANCING ACTIVITIES	2,266,400	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,294,380	103,772
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,135,498	4,031,726
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,429,878	\$ 4,135,498
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, 2020 AND 2019

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 ninth class of leaders during the fiscal period under audit, supporting 251 service members throughout their yearlong term of service and working across 16 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 14,289 kids for 10+ hours - a tipping point to change what kids eat.
- Supported 448 gardens for immersive outdoor learning.

Healthy School Meals:

- 3,282 state tests and promotions in the cafeteria.
- 76 new foods added to the lunch line.

The 2019-2020 School year was a year unlike any other due to COVID-19. As schools across the country began to close in mid-March, many FoodCorps service members shifted into remote or socially distanced service in their school communities. What these shifts in service looked like varied considerably across the service corps as they adapted to the needs of their schools and communities and attended to health and safety protocols. Some service members were recruited to assist with food distribution at their schools, sites, and local food banks, while other service members focused their efforts on maintaining their school gardens and/or developing video lessons and virtual content.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation and Basis of Accounting

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). 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. 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*.

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019, there was no restricted cash.

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, 2020 and 2019, allowance for doubtful accounts totaled \$56,394 and \$31,722, 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, 2020 AND 2019

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.

(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, 2020 and 2019, the Organization did not have any donor-restricted contributions that were perpetual in nature.

Revenue Recognition

The Organization recognizes contributions received and made, including unconditional promises to give, securities 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, 2020 and 2019, there were conditional promises to give totaling \$640,000 and \$665,000, respectively, which stipulate milestone requirements not yet met by the Organization for future years through 2021.

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.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606), as amended, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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.

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.

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2017.

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.

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 and Compliance	Time and Effort
Professional Services	Direct
Insurance and Other Administrative Costs	Direct
Supplies and Reference Materials	Direct and Head Count
Building and Occupancy	Head Count
Uniform, Conferences and Other Staff Development	Direct
Database Hosting and Maintenance	Direct and Head Count
Travel, Meals and Lodging	Direct

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, 2020 and 2019, 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, 2020 and 2019, there was no advertising expense.

Comparative Information

The financial statements include certain 2019 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, 2019 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 2019 financial statements from which the summarized information was derived.

Reclassifications

It is the Organization's policy to reclassify, where appropriate, prior year financial statements to conform to current year presentation.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2020 AND 2019**

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.

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 some 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, 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 2021.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment by major classification is summarized as follows:

	<u>2020</u>	<u>2019</u>
Furniture and Office Equipment	\$ 308,831	\$ 300,240
Less: Accumulated Depreciation	<u>219,688</u>	<u>162,031</u>
Property and Equipment, Net	<u>\$ 89,143</u>	<u>\$ 138,209</u>

Depreciation expense for the years ended July 31, 2020 and 2019 was \$57,657 and \$46,302, respectively.

NOTE 5 - EMPLOYEE BENEFIT PLANS

During the years ended July 31, 2020 and 2019, the Organization contributed \$168,387 and \$166,798, 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, 2020 and 2019, total contributions from Board Members and related parties total \$1,851,448 and \$1,418,585, respectively. During the year ended July 31, 2020, the Organization paid \$10,264 to an entity in which a board member holds the position of President and CEO and the Organization paid \$1,368 to a board member for training service members and travel reimbursements. 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, 2020 AND 2019**

NOTE 7 - 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, 2020 and 2019, cash and cash equivalents exceeding federally insured limits totaled \$5,252,470 and \$4,032,911, 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 8 - 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 2026. In addition, the Organization has various office equipment operating leases.

Future minimum lease payments are as follows:

Year Ended July 31,	
2021	\$ 399,846
2022	406,916
2023	253,933
2024	262,587
2025	269,152
2026	<u>137,377</u>
Total	<u>\$ 1,729,811</u>

Rent expense for the years ended July 31, 2020 and 2019 was \$661,888 and \$561,286, respectively.

NOTE 9 - VOLUNTEER SERVICES

During the years ended July 31, 2020 and 2019, 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 10 - UNEARNED REVENUE

As of July 31, 2020 and 2019, unearned revenue from program service fees was \$12,500 and \$47,156, 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, 2020 and 2019. For the years ended July 31, 2020 and 2019, the Organization received donated legal services totaling \$- and \$6,800, 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.

For the year ended July 31, 2020, the Organization received donated stock totaling \$209,923 that has been included in contributions on the statement of activities.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2020 AND 2019**

NOTE 12 - BAD DEBT EXPENSE

Bad debt expense for years ending July 31, 2020 and 2019 totaled \$77,922 and \$97,031, respectively.

NOTE 13 - 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, 2020 and 2019 consisted of the following:

	2020	2019
Amount Due In:		
Less Than One Year	\$ 6,131,541	\$ 3,201,613
One to Three Years	1,773,750	2,744,106
Four or More Years	600,000	600,000
Total	8,505,291	6,545,719
Less: Discount to Present Value	141,075	238,608
Less: Allowance for Doubtful Accounts	56,395	31,722
Total Receivables, Net	\$ 8,307,821	\$ 6,275,389

NOTE 14 - NET ASSETS WITHOUT DONOR RESTRICTIONS

For the years ending July 31, 2020 and 2019, the Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes:

	2020	2019
Undesignated	\$ 3,422,490	\$ 3,843,801

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

For the year ended July 31, 2020, 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 2020 Programming Support	\$ --	\$ 3,687,129	(\$ 3,687,129)	\$ --
Purpose Restriction – State Specific	309,501	455,373	(645,874)	119,000
Time Restriction Multi-Year	5,862,231	5,024,339	(3,678,367)	7,208,203
Total	\$ 6,171,732	\$ 9,166,841	(\$ 8,011,370)	\$ 7,327,203

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	\$ 5,952,444	\$ 7,857,589	(\$ 7,638,301)	\$ 6,171,732

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2020 AND 2019**

NOTE 15- NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions are available as follows:

	<u>2020</u>	<u>2019</u>
July 31, 2020	\$ --	\$ 3,066,234
July 31, 2021	5,084,527	1,256,381
July 31, 2022	1,065,556	711,801
July 31, 2023	635,954	614,449
July 31, 2024	<u>541,166</u>	<u>522,867</u>
	<u>\$ 7,327,203</u>	<u>\$ 6,171,732</u>

NOTE 16 - 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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 5,429,878	\$ 4,135,498
Total Receivables	<u>8,307,821</u>	<u>6,275,389</u>
Total Financial Assets	<u>13,737,699</u>	<u>10,410,887</u>
Less:		
Amounts Unavailable for General Expenditures Within One Year, at net present value, Due To:		
Restricted by Donors with Purpose Restrictions	119,000	309,501
Restricted by Donors with Timing Restrictions	<u>2,232,675</u>	<u>3,105,498</u>
Total Amounts Unavailable for General Expenditures Within One Year	<u>2,351,675</u>	<u>3,414,999</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 11,386,024</u>	<u>\$ 6,995,888</u>

The Organization’s goal is generally to maintain financial assets to meet four to six months of supporting service expenses (approximately \$2.4 million) and two to three months of total expenses (approximately \$4.8 million). As part of its liquidity plan, the Organization has the ability to scale-back and reduce non-essential support services.

NOTE 17 - SBA – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received loan proceeds in the amount of \$2,266,400 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks or twenty-four weeks, dependent upon the elected period, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminated employees or reduces salaries during either the elected eight-week or twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2020 AND 2019

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 9, 2021, 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, 2020

FOODCORPS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2020

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					
Snap-Ed Community Growers Grant	AGM01-T00150GG-3000000	10.561	\$ 50,000	\$ 31,776	-
Corporation for National and Community Service					
Direct Program					
AmeriCorps National Fixed Amount Grant	17EDHNY001	94.006 *	1,500,797	1,500,797	-
Pass Through					
Connecticut Commission on Community Service	19DHE1258AA	94.006 *	327,756	327,756	-
University of Hawaii	19FXHHI002	94.006 *	151,000	151,000	-
Massachusetts Service Alliance	19FXHMA002	94.006 *	334,563	334,563	-
New Jersey Department of State/AmeriCorps - NJCNCS	18ESHNJ0020001	94.006 *	151,320	151,320	-
California Volunteers	17ESHY26-X115	94.006 *	439,197	439,197	-
Michigan Department of Health and Human Resources	17FXHMI0020001	94.006 *	210,754	210,754	-
			<u>3,115,387</u>	<u>3,115,387</u>	
			<u>\$ 3,165,387</u>	<u>\$ 3,147,163</u>	<u>\$ -</u>

* Major Program

FOODCORPS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JULY 31, 2020

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, 2020. 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, 2020, 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 March 9, 2021.

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) as a basis for designing 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 financial statements. 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
March 9, 2021

**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, 2020. 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, 2020.

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
March 9, 2021

FOODCORP INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JULY 31, 2020

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, 2020

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