



FOODCORPS, INC.

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

YEAR ENDED JULY 31, 2021 AND 2020

FOODCORPS, INC.
FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2021 AND 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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the FoodCorps, Inc.'s July 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2020 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 15, 2022, 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 15, 2022

FOODCORPS, INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,646,208	\$ 5,429,878
Contribution and Grant Receivables, Net	1,224,987	5,023,302
Government Grant Receivables	1,206,103	947,838
Program Service Fees and Other Receivables	68,404	104,006
Employee Loans	15,646	16,271
Prepaid Expenses	167,163	165,643
TOTAL CURRENT ASSETS	11,328,511	11,686,938
LONG TERM ASSETS		
Contribution and Grant Receivables, Net	1,363,247	2,232,675
TOTAL LONG TERM ASSETS	1,363,247	2,232,675
FIXED ASSETS		
Property and Equipment, Net	34,043	89,143
TOTAL FIXED ASSETS	34,043	89,143
OTHER ASSETS		
Security Deposit	37,607	38,592
TOTAL OTHER ASSETS	37,607	38,592
TOTAL ASSETS	\$ 12,763,408	\$ 14,047,348
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 79,114	\$ 55,542
Accrued Expenses	69,419	66,416
Credit Cards Payable	56,050	63,380
Accrued Salaries and Related Expenses	428,772	327,038
Accrued Paid Time Off	495,077	417,777
Unearned Revenue	3,750	12,500
Deferred Rent - Current Portion	-	2,534
TOTAL CURRENT LIABILITIES	1,132,182	945,187
LONG-TERM LIABILITIES		
Deferred Rent	88,602	86,068
SBA - Paycheck Protection Program	-	2,266,400
TOTAL LONG-TERM LIABILITIES	88,602	2,352,468
TOTAL LIABILITIES	1,220,784	3,297,655
NET ASSETS		
Without Donor Restrictions	5,451,105	3,422,490
With Donor Restrictions	6,091,519	7,327,203
TOTAL NET ASSETS	11,542,624	10,749,693
TOTAL LIABILITIES AND NET ASSETS	\$ 12,763,408	\$ 14,047,348

FOODCORPS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2021
(With Comparative Totals for the Year Ended July 31, 2020)

	JULY 31, 2021			JULY 31, 2020
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
REVENUES, GAINS AND OTHER SUPPORT				
Government Grants	\$ 3,275,225	\$ -	\$ 3,275,225	\$ 3,165,387
Contributions and Grants	4,129,598	6,625,865	10,755,463	15,052,861
Program Service Revenue	1,290,053	-	1,290,053	1,682,388
Donated Professional Services and Gifts In-Kind	15,277	-	15,277	15,000
Royalty Fees	50,000	-	50,000	130,000
SBA - Paycheck Protection Program Grant	-	2,266,400	2,266,400	-
Other Income	1,768	-	1,768	10,330
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	8,761,921	8,892,265	17,654,186	20,055,966
Net Assets Released from Restrictions				
Satisfaction of Time and Program Restrictions	10,127,949	(10,127,949)	-	-
Total Revenue, Gains and Other Support	18,889,870	(1,235,684)	17,654,186	20,055,966
EXPENSES				
Program Services	12,808,360	-	12,808,360	14,454,581
Supporting Services				
Management and General	2,871,903	-	2,871,903	1,825,525
Fundraising	1,180,992	-	1,180,992	3,041,700
Total Supporting Services	4,052,895	-	4,052,895	4,867,225
Total Expenses	16,861,255	-	16,861,255	19,321,806
CHANGES IN NET ASSETS	2,028,615	(1,235,684)	792,931	734,160
NET ASSETS, BEGINNING OF YEAR	3,422,490	7,327,203	10,749,693	10,015,533
NET ASSETS, END OF YEAR	\$ 5,451,105	\$ 6,091,519	\$ 11,542,624	\$ 10,749,693

FOODCORPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2021
(With Comparative Totals for the Year Ended July 31, 2020)

	JULY 31, 2021			JULY 31, 2020	
	Program Services	Management and General	Fundraising	Total	Total
Personal Service Expenses					
Salaries and Temporary Services	\$ 9,211,408	\$ 2,025,902	\$ 662,104	\$ 11,899,414	\$ 12,597,866
Employee Benefits	1,323,535	291,088	95,134	1,709,757	1,702,983
Payroll Taxes	700,516	154,066	50,352	904,934	946,207
Research and Evaluation					
Research and Evaluation Consultants	71,712	-	-	71,712	30,195
Database Hosting and Maintenance	7,436	-	6,666	14,102	24,323
Building and Occupancy					
Rent	277,186	101,999	153,466	532,651	661,888
Utilities	7,817	17,021	5,415	30,253	44,273
Technology and Communications					
Website, Press and Media	68,958	-	67,320	136,278	962
Photo and Video	636	-	7	643	5,722
Telephone and Internet	34,879	1,522	2,663	39,064	22,213
Consulting	9,582	36,730	12,478	58,790	287,813
Computer Expenses	247,603	10,804	18,908	277,315	283,133
Depreciation	49,196	2,147	3,757	55,100	57,657
Training and Staff Development					
Consulting	58,209	-	250	58,459	89,455
Uniforms	25,156	-	-	25,156	3,447
Conferences	11,437	-	1,258	12,695	216,818
Travel, Meals and Lodging	91,308	3,805	-	95,113	577,300
Printing	16,015	553	2,360	18,928	40,024
Other Training and Staff Development	56,794	2,478	4,337	63,609	31,909
Administrative and Other					
Compliance	37,231	1,625	2,843	41,699	33,118
Consulting	65,518	44,520	65,393	175,431	431,482
Grants to Other Organizations	67,000	-	-	67,000	36,665
Insurance and Other Administrative Expenses	55,938	9,890	4,817	70,645	92,163
Payroll, Bank and Merchant Processing	-	7,363	-	7,363	5,743
Postage and Delivery	12,419	2,187	936	15,542	15,450
Professional Fees	119,486	78,114	9,247	206,847	387,268
Supplies and Reference Materials	145,978	25,829	10,349	182,156	187,909
Travel, Meals and Lodging	35,407	742	932	37,081	429,898
Bad Debt Expense	-	53,518	-	53,518	77,922
Total Expenses	\$ 12,808,360	\$ 2,871,903	\$ 1,180,992	\$ 16,861,255	\$ 19,321,806

FOODCORPS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 792,931	\$ 734,160
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (used in) Operating Activities:		
Depreciation	55,100	57,657
SBA - Payroll Protection Program Grant Forgiveness	(2,266,400)	-
Decrease (Increase) in:		
Contribution and Grant Receivables	4,667,743	(1,528,632)
Government Grant Receivables	(258,265)	(581,079)
Program Service Fees and Other Receivables	35,602	77,279
Employee Loan	625	(16,271)
Prepaid Expenses	(1,520)	413,116
Security Deposits	985	11,791
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	26,575	(142,587)
Credit Cards Payable	(7,330)	(125,985)
Accrued Salaries and Related Expenses	101,734	65,081
Accrued Paid Time Off	77,300	98,788
Unearned Revenue	(8,750)	(34,656)
Deferred Rent	-	7,909
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3,216,330	(963,429)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	-	(8,591)
NET CASH USED IN INVESTING ACTIVITIES	-	(8,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from SBA - Payroll Protection Program	-	2,266,400
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	2,266,400
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,216,330	1,294,380
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,429,878	4,135,498
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,646,208	\$ 5,429,878

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2021 AND 2020

NOTE 1 - NATURE OF ORGANIZATION

FoodCorps, Inc. 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 tenth class of leaders during the fiscal period under audit, supporting 220 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 8,944 kids for 10+ hours - a tipping point to change what kids eat.
- Supported 401 gardens for immersive outdoor learning.

Healthy School Meals:

- 2,117 taste tests and promotions in the cafeteria and sent home with kids.
- 175 new foods added to the lunch line.

As a result of the COVID-19 pandemic, the fiscal 2020 and 2021 school years were unlike previous school years. As schools across the country began to close in March 2020, 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 are recruited to assist with food distribution at their schools, sites, and local food banks, while other service members focus 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

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

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, 2021 and 2020, there was no restricted cash.

Financial Instruments

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

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution and Grant 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 the Organization's assessment of the aged basis of its sources, current economic conditions, subsequent receipts and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of July 31, 2021 and 2020, allowance for doubtful accounts totaled \$99,894 and \$56,394, respectively.

Fixed Assets

Fixed assets consist of furniture and office equipment. Fixed assets with a unit cost in excess of \$1,000 are capitalized and depreciated on a straight-line basis over their estimated useful lives, ranging from 3 to 5 years. Maintenance and repairs are expenses as incurred; major betterments are capitalized. When fixed assets 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. The Organization 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 these training conferences 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.

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, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Net assets, revenues, gains and losses are classified based on the absence or existence and nature of donor-imposed restrictions of the Organization and changes therein, are classified and reported as follows:

(1) Net Assets Without Donor Restrictions:

Net assets without donor restrictions include funds having no restriction as to use or purpose imposed by donors. In addition, net assets without donor restrictions include resources, which are set aside for board-designated purposes.

(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, 2021 and 2020, the Organization did not have any donor-restricted contributions that were perpetual in nature.

Revenue Recognition

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update (“ASU”) 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization records the transactions as allowable costs are incurred in accordance with ASC 958-605. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.

For the years ended July 31, 2021 and 2020, there were conditional promises to give totaling \$91,667 and \$640,000, respectively, which stipulate milestone requirements not yet met by the Organization for future years through 2022.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require special skills, 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.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases. This ASU will require lessees to recognize almost all leases on the statement of financial position as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. This update is effective for the fiscal year beginning January 1, 2022, with early adoption permitted. The Organization is currently assessing the effect that adoption of the new standard will have on its financial statements.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020**

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 2018.

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 Organization's expenses are allocated to its programs and supporting services based upon direct expenditures incurred. Any expenditure that is not directly allocated is allocated among program and supporting services on a reasonable basis that is consistently applied generally based upon an analysis of personnel time allocated to each function.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Non-operating activities are limited to resources that generate returns from investments and other activities considered to be of a more unusual or nonrecurring nature. As of July 31, 2021 and 2020, the Organization did not have non-operating activities.

Advertising Costs

Advertising costs are generally charged to operations in the year incurred. For the years ended July 31, 2021 and 2020, there was no advertising expense.

Comparative Information

The financial statements include certain 2020 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, 2020 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 2020 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.

NOTE 3 - PROPERTY AND EQUIPMENT

At each fiscal year end, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and Office Equipment	\$ 308,831	\$ 308,831
Less: Accumulated Depreciation	<u>(274,788)</u>	<u>(219,688)</u>
Property and Equipment, Net	<u>\$ 34,043</u>	<u>\$ 89,143</u>

Depreciation expense for the years ended July 31, 2021 and 2020 was \$55,100 and \$57,657, respectively.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020**

NOTE 4 - 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 COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its business operations and is working to minimize the impact on its operations. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and results of its operations and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 5 - EMPLOYEE BENEFIT PLANS

During the years ended July 31, 2021 and 2020, the Organization contributed \$243,717 and \$168,387, respectively, to the 401(k) plan to meet the 50% employer match. Effective April 1, 2021, the Organization increased its employer match percentage from 50% to 100%, up to \$3,000.

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, 2021 and 2020, total contributions from Board Members and related parties total \$1,360,525 and \$1,851,448, respectively. During the year ended July 31, 2021 and 2020, the Organization paid \$13,500 and \$10,264, respectively, to an entity in which a board member holds the position of President and CEO and paid \$1,330 and \$1,368, respectively, to a board member for training services and travel reimbursements.

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, 2021 and 2020, cash and cash equivalents exceeding federally insured limits totaled \$8,458,327 and \$5,252,470, 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.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

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 one office equipment-operating lease.

Future minimum lease payments are as follows:

Year Ended July 31,	
2022	\$ 406,916
2023	253,933
2024	262,587
2025	269,152
2026	<u>137,377</u>
Total	<u>\$ 1,329,965</u>

Rent expense for the years ended July 31, 2021 and 2020 was \$532,651 and \$661,888, respectively.

NOTE 9 - VOLUNTEER SERVICES

During the years ended July 31, 2021 and 2020, 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, 2021 and 2020, unearned revenue from program service fees was \$3,750 and \$12,500, respectively.

NOTE 11 - DONATED GOODS AND SERVICES

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 totaling \$- and \$15,000 for the years ending July 31, 2021 and 2020, respectively. For the years ended July 31, 2021 and 2020, the Organization received donated legal services and other professional services totaling \$15,277 and \$-, 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, 2021 and 2020, the Organization received donated stock totaling \$768,574 and \$209,923, respectively, that has been included in contributions and grants on the statement of activities.

NOTE 12 - BAD DEBT EXPENSE

Bad debt expense for years ending July 31, 2021 and 2020 totaled \$53,518 and \$77,922, respectively.

NOTE 13 - RECEIVABLES

Receivables, including contributions and grants, 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, 2021 and 2020 consisted of the following:

FOODCORPUS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020**

NOTE 13 - RECEIVABLES (CONTINUED)

	2021	2020
Amount Due In:		
Less Than One Year	\$ 2,599,388	\$ 6,131,541
One to Three Years	1,431,250	1,773,750
Four or More Years	-	600,000
Total Receivables, Gross	4,030,638	8,505,291
Less: Discount to Present Value	(68,003)	(141,075)
Less: Allowance for Doubtful Accounts	(99,894)	(56,395)
Total Receivables, Net	<u>\$ 3,862,741</u>	<u>\$ 8,307,821</u>

NOTE 14 - NET ASSETS WITHOUT DONOR RESTRICTIONS

For the years ending July 31, 2021 and 2020, the Organization’s net assets without donor restrictions is comprised of undesignated and Board-designated funds totaling \$5,451,105 and \$3,422,490, respectively.

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization’s net assets with donor restrictions as of July 31, 2021 and 2020 were restricted for the following purposes:

	2021	2020
Restricted as to Purpose and Time	\$ 661,457	\$ 1,292,604
Time Restricted – Multi-year	5,430,062	6,034,599
	<u>\$ 6,091,519</u>	<u>\$ 7,327,203</u>

Net assets released from restriction for the years ended July 31, 2021 and 2020 were due to the following purposes:

	2021	2020
Purpose and Time Restriction Satisfied	\$ 1,825,333	\$ 3,687,129
Purpose Satisfied	3,424,976	645,874
Time Restriction Satisfied	4,877,640	3,678,367
	<u>\$10,127,949</u>	<u>\$ 8,011,370</u>

Net assets with donor restrictions are available as follows:

	2021	2020
July 31, 2021	\$ -	\$ 5,084,527
July 31, 2022	4,728,272	1,065,556
July 31, 2023	803,140	635,954
July 31, 2024	560,107	541,166
	<u>\$ 6,091,519</u>	<u>\$ 7,327,203</u>

NOTE 16 - SBA – PAYCHECK PROTECTION PROGRAM LOAN

As a response to the COVID-19 pandemic, the U.S. federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). In April 2020, the Organization received a Paycheck Protection Program loan (“PPP”) under the CARES Act, administered by Small Business Administration (“SBA”) totaling \$2,266,400. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performances or other barrier and right of return of the PPP loan no longer existed. In fiscal 2021, the Organization recognized PPP grant revenue as the conditions for use of the funds had been met, and the Organization received notification from the lender that the loan was forgiven.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020**

NOTE 17 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

<u>Financial Assets as of July 31:</u>	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 8,646,208	\$ 5,429,878
Receivables, Net	<u>3,862,741</u>	<u>8,307,821</u>
Total Financial Assets Available within One Year	<u>12,508,949</u>	<u>13,737,699</u>
Less:		
Contractual, Legal or Donor-imposed Restrictions:		
Restricted by Donors with Purpose and Time Restrictions	661,457	119,000
Contribution and Grant Receivables, Net – Long Term	<u>1,363,247</u>	<u>2,232,675</u>
Total Amounts Unavailable for General Expenditures Within One Year	<u>2,024,704</u>	<u>2,351,675</u>
Total Financial Assets Available to Management for General Expenditure within One Year	<u>\$ 10,484,245</u>	<u>\$ 11,386,024</u>

The Organization's goal is to maintain financial assets to meet four to six months of supporting service expenses (approximately \$2.1 million) and two to three months of total expenses (approximately \$4.2 million). As part of its liquidity plan, the Organization has the ability to scale-back and reduce non-essential support services.

NOTE 18 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through March 15, 2022, which is the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

FOODCORPS, INC.
SUPPLEMENTARY INFORMATION
UNIFORM GUIDANCE REPORTS
YEAR ENDED JULY 31, 2021

FOODCORPS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Pass-through Entity's Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
U.S Department of Agriculture				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Direct	10.561	\$ 18,224	\$ -
Total U.S. Department of Agriculture			18,224	-
Corporation for National and Community Service				
AmeriCorps	Direct	94.006	2,062,830	-
Passed through Connecticut Commission on Community Service:				
AmeriCorps	20DHE1266AA	94.006	233,680	-
Passed through University of Hawaii:				
AmeriCorps	19FXHHI002	94.006	151,000	-
Passed through Massachusetts Service Alliance:				
AmeriCorps	19FXHMA002	94.006	299,880	-
Passed through California Volunteers:				
AmeriCorps	20ESHY27-X115	94.006	410,130	-
Total Corporation for National and Community Service			3,157,520	-
Total Expenditures of Federal Awards			\$ 3,175,744	\$ -

FOODCORPS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2021

NOTE 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, 2021. 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.

NOTE 2 – BASIS OF ACCOUNTING

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

NOTE 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.

NOTE 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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2022.

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 15, 2022

**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, 2021. 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, 2021.

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.

**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 15, 2022

FOODCORP INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JULY 31, 2021

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

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, 2021

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