



FOODCORPS, INC.

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

JULY 31, 2022

(With Summarized Comparative Information for the Year Ended July 31, 2021)

FOODCORPS, INC.
FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of FoodCorps, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of FoodCorps, Inc. as of July 31, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FoodCorps, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FoodCorps, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FoodCorps Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FoodCorps Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited FoodCorps, Inc.'s July 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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* 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 schedule of expenditures of federal awards 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 report dated April 6, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FoodCorps Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FoodCorps Inc.'s internal control over financial reporting and compliance.

Rosenberg + Manente PLLC

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

April 6, 2023

FOODCORPS, INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 24,075,598	\$ 8,646,208
Contribution and Grant Receivables, Net	12,087,509	2,588,234
Government Grant Receivables	1,084,031	1,206,103
Program Service Fees and Other Receivables	28,092	68,404
Employee Loans	15,646	15,646
Prepaid Expenses	175,600	167,163
Property and Equipment, Net	226,356	34,043
Security Deposit	9,333	37,607
TOTAL ASSETS	\$ 37,702,165	\$ 12,763,408
LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 88,279	\$ 79,114
Accrued Expenses	78,137	69,419
Credit Cards Payable	52,793	56,050
Accrued Salaries and Related Expenses	400,916	428,772
Accrued Paid Time Off	553,083	495,077
Unearned Revenue	25,000	3,750
Deferred Rent	87,160	88,602
TOTAL LIABILITIES	1,285,368	1,220,784
NET ASSETS		
Without Donor Restrictions	23,402,906	5,451,105
With Donor Restrictions	13,013,891	6,091,519
TOTAL NET ASSETS	36,416,797	11,542,624
TOTAL LIABILITIES AND NET ASSETS	\$ 37,702,165	\$ 12,763,408

FOODCORPS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2022
(With Summarized Comparative Financial Information for the Year Ended July 31, 2021)

	JULY 31, 2022			JULY 31, 2021
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
REVENUES, GAINS AND OTHER SUPPORT				
Government Grants	\$ 2,865,546	\$ -	\$ 2,865,546	\$ 3,275,225
Contributions and Grants	23,517,083	14,370,735	37,887,818	10,755,463
Program Service Revenue	1,210,501	-	1,210,501	1,290,053
Donated Professional Services and Gifts In-Kind	16,266	-	16,266	15,277
Royalty Fees	50,000	-	50,000	50,000
SBA - Paycheck Protection Program Grant	-	-	-	2,266,400
Other Income	28,477	-	28,477	1,768
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	27,687,873	14,370,735	42,058,608	17,654,186
Net Assets Released from Restrictions				
Satisfaction of Time and Program Restrictions	7,448,363	(7,448,363)	-	-
Total Revenue, Gains and Other Support	35,136,236	6,922,372	42,058,608	17,654,186
EXPENSES				
Program Services	12,869,932	-	12,869,932	12,808,360
Supporting Services				
Management and General	1,539,650	-	1,539,650	2,871,903
Fundraising	2,774,853	-	2,774,853	1,180,992
Total Supporting Services	4,314,503	-	4,314,503	4,052,895
Total Expenses	17,184,435	-	17,184,435	16,861,255
CHANGES IN NET ASSETS	17,951,801	6,922,372	24,874,173	792,931
NET ASSETS, BEGINNING OF YEAR	5,451,105	6,091,519	11,542,624	10,749,693
NET ASSETS, END OF YEAR	\$ 23,402,906	\$ 13,013,891	\$ 36,416,797	\$ 11,542,624

FOODCORPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2022
(With Summarized Comparative Financial Information for the Year Ended July 31, 2021)

	JULY 31, 2022			JULY 31, 2021	
	Program Services	Management and General	Fundraising	Total	Total
Personal Service Expenses					
Salaries and Temporary Services	\$ 9,100,950	\$ 853,029	\$ 1,968,167	\$ 11,922,146	\$ 11,899,414
Employee Benefits	1,284,965	192,506	269,800	1,747,271	1,709,757
Payroll Taxes	708,015	66,531	155,373	929,919	904,934
Research and Evaluation					
Research and Evaluation Consultants	123,318	-	-	123,318	71,712
Database Hosting and Maintenance	16,450	-	17,807	34,257	14,102
Building and Occupancy					
Rent	217,644	156,631	114,873	489,148	532,651
Utilities	25	26,836	-	26,861	30,253
Technology and Communications					
Website, Press and Media	47,582	-	42,903	90,485	136,278
Photo and Video	582	-	453	1,035	643
Telephone and Internet	22,217	1,012	1,702	24,931	39,064
Consulting	74,237	43	38,688	112,968	58,790
Computer Expenses	243,785	11,101	18,685	273,571	277,315
Depreciation and Amortization	46,403	2,114	3,555	52,072	55,100
Training and Staff Development					
Consulting	88,263	500	-	88,763	58,459
Uniforms	33,113	219	-	33,332	25,156
Conferences	14,304	3,034	3,551	20,889	12,695
Travel, Meals and Lodging	289,439	2,857	-	292,296	95,113
Printing	25,058	1,647	3,922	30,627	18,928
Other Training and Staff Development	43,354	1,975	3,321	48,650	63,609
Administrative and Other					
Compliance	25,234	1,149	1,933	28,316	41,699
Consulting	72,749	650	89,976	163,375	175,431
Grants to Other Organizations	61,000	-	-	61,000	67,000
Insurance and Other Administrative Expenses	60,174	10,664	5,332	76,170	70,645
Payroll, Bank and Merchant Processing	-	6,547	-	6,547	7,363
Postage and Delivery	12,139	1,901	676	14,716	15,542
Professional Fees	64,883	91,887	13,428	170,198	206,847
Supplies and Reference Materials	104,498	67,662	12,338	184,498	182,156
Travel, Meals and Lodging	89,551	7,370	8,370	105,291	37,081
Bad Debt Expense	-	31,785	-	31,785	53,518
Total Expenses	\$ 12,869,932	\$ 1,539,650	\$ 2,774,853	\$ 17,184,435	\$ 16,861,255

FOODCORPS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 24,874,173	\$ 792,931
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	52,072	55,100
Loss on Disposal	1,843	
SBA - Payroll Protection Program Grant Forgiveness	-	(2,266,400)
Decrease (Increase) in:		
Contribution and Grant Receivables	(9,499,275)	4,667,743
Government Grant Receivables	122,072	(258,265)
Program Service Fees and Other Receivables	40,312	35,602
Employee Loan	-	625
Prepaid Expenses	(8,437)	(1,520)
Security Deposits	28,274	985
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	17,883	26,575
Credit Cards Payable	(3,257)	(7,330)
Accrued Salaries and Related Expenses	(27,856)	101,734
Accrued Paid Time Off	58,006	77,300
Unearned Revenue	21,250	(8,750)
Deferred Rent	(1,442)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,675,618	3,216,330
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(246,228)	-
NET CASH USED IN INVESTING ACTIVITIES	(246,228)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,429,390	3,216,330
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	8,646,208	5,429,878
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 24,075,598	\$ 8,646,208
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, 2022 AND 2021

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 eleventh class of leaders during the fiscal period under audit, supporting 200 service members throughout their yearlong term of service and working across 13 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 15,500 kids for 10+ hours - a tipping point to change what kids eat.
- Total students taught = 43,175
- Total lessons taught = 25,301
- Total food tastings during lessons = 10,353
- Supported 396 gardens for immersive outdoor learning.

Healthy School Meals:

- 2,823 taste tests and promotions in the cafeteria
- 130 new foods added to the breakfast & lunch lines.

As a result of the COVID-19 pandemic, the fiscal 2020, 2021, and 2022 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 and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations.

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. Funds with donor restrictions are included in cash and cash equivalents in the accompanying statement of financial position. At July 31, 2022 and 2021, there was no restricted cash.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022 and 2021, allowance for doubtful accounts totaled \$129,894 and \$99,894, respectively.

Property and Equipment

Fixed assets consist of furniture and office equipment and website development and software. 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 three to five 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 and Amortization is provided on the straight-line method over the estimated useful lives of the assets.

Furniture and Office Equipment	3 to 5 years
Website Development and Software	3 to 5 years

Website and Database

Expenditures in relation to the minor modification and routine maintenance that do not exceed the life of the asset 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 100% 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.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022 and 2021, 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, 2022 and 2021, there were conditional promises to give totaling \$3,236,000 and \$91,667, respectively, which stipulate milestone requirements not yet met by the Organization for future years through 2023.

Program Service Fees are earned as the participating member hires complete their program year. For the years ended July 31, 2022 and 2021, all performance obligations have been met within the year in which the contract was initiated.

Royalty income is recorded when earned in accordance with the substance of the relevant agreements.

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. Donated goods and services that meet the requirements for recognition are recorded as revenue and expenses in the accompanying statement of activities.

Donated marketable securities are recorded at their market value at the date of the gift. It is the Organization’s policy to sell donated securities upon receipt.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

The Organization recognizes grant expenses as grantees meet the conditions stipulated in the awards. Conditional promises to give are not recorded as grant expense until the conditions upon which they are based have been met. As of July 31, 2022 and 2021, grant expense totaled \$61,000 and \$67,000, respectively.

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.

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 2019.

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.

Advertising Costs

Advertising costs are generally expensed to operations in the year incurred. For the years ended July 31, 2022 and 2021, there was no advertising expense.

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, 2022 and 2021, the Organization did not have non-operating activities.

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.

Comparative Information

The financial statements include certain 2021 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, 2021 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 2021 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. There were no changes in total assets, liabilities, or changes in net assets as reflected in the 2021 financial statements.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021**

NOTE 3 - COMMITMENTS AND CONTINGENCIES

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

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

NOTE 4 - 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, 2022 and 2021, cash and cash equivalents exceeding federally insured limits totaled \$23,906,089 and \$8,458,327, 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 5 - 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, 2022 and 2021 consisted of the following:

	2022	2021
Amount Due In:		
Less Than One Year	\$ 8,929,027	\$ 2,599,388
One to Three Years	4,588,333	1,431,250
Four or More Years	-	-
Total Receivables, Gross	13,517,360	4,030,638
Less: Discount to Present Value	(187,834)	(68,003)
Less: Allowance for Doubtful Accounts	(129,894)	(99,894)
Total Receivables, Net	<u>\$13,199,632</u>	<u>\$ 3,862,741</u>

NOTE 6 - PROPERTY AND EQUIPMENT

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

	2022	2021
Furniture and Office Equipment	\$ 270,938	\$ 308,831
Website Development and Software	188,353	-
	459,291	308,831
Less: Accumulated Amortization	(18,835)	(-)
Less: Accumulated Depreciation	(214,100)	(274,788)
Property and Equipment, Net	<u>\$ 226,356</u>	<u>\$ 34,043</u>

Depreciation and amortization expense for the years ended July 31, 2022 and 2021 was \$52,072 and \$55,100, respectively.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021**

NOTE 7 - UNEARNED REVENUE

As of July 31, 2022 and 2021, unearned revenue from program service fees was \$25,000 and \$3,750, respectively.

NOTE 8 - NET ASSETS WITHOUT DONOR RESTRICTIONS

For the years ending July 31, 2022 and 2021, the Organization's net assets without donor restrictions is comprised of undesignated and Board-designated funds totaling \$23,402,906 and \$5,451,105, respectively.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions as of July 31, 2022 and 2021 were restricted for the following purposes:

	2022	2021
Purpose and Time Restricted	\$ 3,587,500	\$ 661,457
Purpose Restricted	426,710	--
Time Restricted – Multi-year	<u>8,999,681</u>	<u>5,430,062</u>
	<u>\$13,013,891</u>	<u>\$6,091,519</u>

Net assets released from restriction for the years ended July 31, 2022 and 2021 were due to the following purposes:

	2022	2021
Purpose and Time Restriction Satisfied	\$ 409,029	\$ 1,825,333
Purpose Satisfied	2,951,318	3,424,976
Time Restriction Satisfied	<u>4,088,016</u>	<u>4,877,640</u>
	<u>\$ 7,448,363</u>	<u>\$10,127,949</u>

Net assets with donor restrictions are available as follows:

	2022	2021
July 31, 2022	\$ -	\$ 4,728,272
July 31, 2023	8,585,180	803,140
July 31, 2024	3,495,200	560,107
July 31, 2025	<u>933,511</u>	<u>-</u>
	<u>\$13,013,891</u>	<u>\$ 6,091,519</u>

NOTE 10 - EMPLOYEE BENEFIT PLANS

During the years ended July 31, 2022 and 2021, the Organization contributed \$225,163 and \$243,717, 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 11 - VOLUNTEER SERVICES

During the years ended July 31, 2022 and 2021, 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.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021**

NOTE 12 - 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 short-term office equipment operating leases.

Future minimum lease payments are as follows:

Year Ended July 31,	
2023	\$ 294,052
2024	262,587
2025	269,152
2026	<u>137,377</u>
Total	<u>\$ 963,168</u>

Rent expense for the years ended July 31, 2022 and 2021 was \$489,148 and \$532,651, respectively.

NOTE 13 - 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, 2022 and 2021, total contributions from Board Members and related parties total \$5,700,750 and \$1,360,525, respectively. During the year ended July 31, 2022 and 2021, the Organization paid \$13,500 to an entity in which a board member holds the position of President and CEO and paid \$724 and \$1,330, respectively, to a board member for training services and travel reimbursements.

NOTE 14 - DONATED GOODS AND SERVICES

For the years ended July 31, 2022 and 2021, the Organization received donated legal services and other professional services totaling \$16,266 and \$15,277, respectively. These services are included in training and staff development and professional fees in the accompanying financial statements, respectively. The values of donated legal and other professional services are based upon estimates provided by the donors. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

For the years ended July 31, 2022 and 2021, the Organization received donated stock totaling \$532,108 and \$768,574, respectively, which has been included in contributions and grants on the statement of activities.

NOTE 15 - 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, 2022 AND 2021

NOTE 16 - BAD DEBT EXPENSE

Bad debt expense for the years ended July 31, 2022 and 2021 totaled \$31,785 and \$53,518, respectively.

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>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 24,075,598	\$ 8,646,208
Receivables, Net	<u>13,199,632</u>	<u>3,862,741</u>
Total Financial Assets Available within One Year	<u>37,275,230</u>	<u>12,508,949</u>
Less:		
Contractual, Legal or Donor-imposed Restrictions:		
Restricted by Donors with Purpose and Time Restrictions	4,014,210	661,457
Contribution and Grant Receivables, Net – Long Term	<u>4,428,711</u>	<u>1,363,247</u>
Total Amounts Unavailable for General Expenditures Within One Year	<u>8,442,921</u>	<u>2,024,704</u>
Total Financial Assets Available to Management for General Expenditure within One Year	<u>\$ 28,832,309</u>	<u>\$ 10,484,245</u>

The Organization's goal is to maintain financial assets to meet four to six months of supporting service expenses (approximately \$2.2 million) and two to three months of total expenses (approximately \$5 million). As part of its liquidity plan, the Organization has the ability to scale-back and reduce non-essential support services.

NOTE 18 - ROYALTY INCOME

The Organization, from time to time, grants to Companies and other Organizations limited, non-exclusive license to use its name, trademark and logo ("Marks") in conjunction with charitable sales promotions. During the year ended July 31, 2022 and 2021, rights granted under such agreements were limited to use of the Organization's Marks in connection with promotional materials in any medium, including but not limited to: scripts, print, point-of-sale, product hang-tags, flyers, billboards, store catalogs, Internet and/or television, film, radio, social media web pages, direct mail, email, mobile applications and web site materials used in conjunction with promoting operations and/or gift card sales, and for no other purpose. For the years ended July 31, 2022 and 2021, total royalty income was \$50,000.

NOTE 19 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through April 6, 2023, which is the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

FOODCORPS, INC.
SUPPLEMENTARY INFORMATION
UNIFORM GUIDANCE REPORTS
YEAR ENDED JULY 31, 2022

FOODCORPS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Pass-through Entity's Identifying Number</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
U.S Department of Agriculture				
Summer Food Service Program for Children	Direct	10.559	\$ 25,000	\$ -
Total U.S. Department of Agriculture			25,000	-
Corporation for National and Community Service				
AmeriCorps	Direct	94.006	2,029,405	-
Passed through Connecticut Commission on Community Service:				
AmeriCorps	21DHE1266AA	94.006	254,243	-
Passed through California Volunteers:				
AmeriCorps	17ESCHCA0010002	94.006	440,510	-
AmeriCorps	EA3-X115	94.006	113,940	-
Total Corporation for National and Community Service			2,838,098	-
Total Expenditures of Federal Awards			\$ 2,863,098	\$ -

FOODCORPS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2022

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, 2022. 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 FoodCorps, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 6, 2023

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered FoodCorps, 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 FoodCorps, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of FoodCorps, 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Item 2022-001 that we considered to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether FoodCorps, 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*.

FoodCorps Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on FoodCorps Inc.'s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. FoodCorps, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

FOODCORPS, INC.

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*

Purpose of this Report

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

Rosenberg + Manente PLLC

Rosenberg and Manente, PLLC
Certified Public Accountants

New York, NY
April 6, 2023

**INDEPENDENT AUDITOR'S 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

Opinion on Each Major Federal Program

We have audited FoodCorps, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of FoodCorps, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of FoodCorps, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to FoodCorps, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FoodCorps, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FoodCorps, Inc.'s compliance with the requirements of each major federal program as a whole.

FOODCORPS, INC.

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding FoodCorps, Inc's compliance with the compliance requirements referred to above and performing such other procedures, as we considered necessary in the circumstances.
- Obtain an understanding of FoodCorps, Inc's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 FoodCorps, Inc's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and Manente, PLLC
Certified Public Accountants

New York, NY
April 6, 2023

FOODCORP INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JULY 31, 2022

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 X no
- Significant deficiency(ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Award

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X 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 X no

Identification of Major Programs:

<u>Assistance Listing Number</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? X yes _____ no

FOODCORP INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JULY 31, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency

Item 2022-001

1. Criteria

The Organization should have proper controls in place to ensure revenue is recognized in the correct period.

2. Condition/Perspective

As part of our financial statement audit, we performed revenue cut-off procedures pertaining to contribution and grant revenue. During those procedures, it was discovered that the Organization improperly recognized a nongovernment grant in fiscal year 2023 that should have been recorded in 2022.

3. Cause

The grantor is normally scheduled to renew their grant every August at the start of the fiscal year, but this year the renewal took place in July. The Organization did not review the documentation associated with the renewal thoroughly to determine the proper revenue recognition date.

4. Effect

The effect of not thoroughly reviewing the documentation of all grants and grant renewals could lead to errors in the timing of revenue recognition.

5. Management's Response

Although we are confident that this is not a systematic problem, but an isolated one, we intend to review our current procedures regarding reporting period cut-offs and reinforce the importance to all team members.

6. Repeat Finding

No

7. Recommendation

We are recommending that year-end cut-off review control procedures be strengthened and the importance of proper revenue cut-off be reinforced to all team members to mitigate the risk of improper revenue recognition.

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