

Chef Ann Foundation

(a nonprofit Colorado corporation)

Financial Statements

December 31, 2019 and 2018

Chef Ann Foundation

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Independent Auditor's Report

To the Board of Directors
Chef Ann Foundation
Boulder, Colorado

We have audited the accompanying financial statements of Chef Ann Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Chef Ann Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Chef Ann Foundation as of December 31, 2018, were audited by other auditors whose report dated April 24, 2019, expressed an unmodified opinion on those statements.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Longmont, Colorado

April 24, 2020

Chef Ann Foundation

Statements of Financial Position

December 31	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 732,166	\$ 1,213,925
Contributions receivable, net	192,281	52,777
Other receivables	-	2,900
Prepaid expenses	5,827	1,361
Total current assets	<u>930,274</u>	<u>1,270,963</u>
Equipment		
Office equipment	11,362	11,362
Less accumulated amortization	(7,467)	(5,598)
Net equipment	<u>3,895</u>	<u>5,764</u>
Other Assets		
Deposit	<u>7,365</u>	<u>7,365</u>
Total assets	<u>\$ 941,534</u>	<u>\$ 1,284,092</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 172,671	\$ 112,468
Accrued compensation and benefits	36,698	26,758
Capital lease obligations, current portion	-	3,465
Total current liabilities	<u>209,369</u>	<u>142,691</u>
Net Assets		
Without donor restrictions	281,187	262,847
With donor restrictions	450,978	878,554
Total net assets	<u>732,165</u>	<u>1,141,401</u>
Total liabilities and net assets	<u>\$ 941,534</u>	<u>\$ 1,284,092</u>

The accompanying Notes are an integral
part of these financial statements

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Statement of Activities

Year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 427,096	\$ 1,193,666	\$ 1,620,762
In-kind contributions	34,667	-	34,667
Net assets released from restrictions			
Satisfaction of purpose restrictions	1,621,242	(1,621,242)	-
Total support	<u>2,083,005</u>	<u>(427,576)</u>	<u>1,655,429</u>
Operating Revenue			
Enrollment fees	10,946	-	10,946
Total operating support and revenue	<u>2,093,951</u>	<u>(427,576)</u>	<u>1,666,375</u>
Operating Expenses			
Program services	1,811,464	-	1,811,464
Supporting services			
General and administrative	152,918	-	152,918
Fundraising	113,377	-	113,377
Total operating expenses	<u>2,077,759</u>	<u>-</u>	<u>2,077,759</u>
Total operating support and revenue in excess (deficit) of operating expenses	16,192	(427,576)	(411,384)
Other Changes			
Interest income	1,148	-	1,148
Other income	1,000	-	1,000
Total other changes	<u>2,148</u>	<u>-</u>	<u>2,148</u>
Change in Net Assets	18,340	(427,576)	(409,236)
Net Assets, Beginning of Year	<u>262,847</u>	<u>878,554</u>	<u>1,141,401</u>
Net Assets, End of Year	<u>\$ 281,187</u>	<u>\$ 450,978</u>	<u>\$ 732,165</u>

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Chef Ann Foundation

Statement of Activities

Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 212,396	\$ 1,633,700	\$ 1,846,096
In-kind contributions	117,000	-	117,000
Net assets released from restrictions			
Satisfaction of purpose restrictions	2,104,623	(2,104,623)	-
Total support	<u>2,434,019</u>	<u>(470,923)</u>	<u>1,963,096</u>
Operating Revenue			
Enrollment fees	18,823	-	18,823
Total operating support and revenue	<u>2,452,842</u>	<u>(470,923)</u>	<u>1,981,919</u>
Operating Expenses			
Program services	2,038,732	-	2,038,732
Supporting services			
General and administrative	196,214	-	196,214
Fundraising	101,218	-	101,218
Total operating expenses	<u>2,336,164</u>	<u>-</u>	<u>2,336,164</u>
Total operating support and revenue in excess (deficit) of operating expenses	116,678	(470,923)	(354,245)
Other Changes			
Interest income	<u>250</u>	<u>-</u>	<u>250</u>
Change in Net Assets	116,928	(470,923)	(353,995)
Net Assets, Beginning of Year	<u>145,919</u>	<u>1,349,477</u>	<u>1,495,396</u>
Net Assets, End of Year	<u>\$ 262,847</u>	<u>\$ 878,554</u>	<u>\$ 1,141,401</u>

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Statement of Functional Expenses

Year ended December 31, 2019

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 385,814	\$ 58,907	\$ 70,142	\$ 514,863
Payroll taxes	12,555	22,382	5,366	40,303
Employee benefits	20,361	11,802	3,081	35,244
Total personnel costs	418,730	93,091	78,589	590,410
Salad bars and other program expenses	752,346	-	-	752,346
Contract services	334,651	-	15,000	349,651
Grants	94,186	-	-	94,186
Information technology	70,562	-	1,846	72,408
Travel	40,994	7,538	1,724	50,256
Legal and professional	29,018	9,673	-	38,691
Occupancy	23,497	10,864	2,586	36,947
Marketing	28,697	-	929	29,626
Dues and subscriptions	14,157	2,313	5,286	21,756
Office expenses	4,392	13,173	-	17,565
Miscellaneous expenses	-	2,514	5,923	8,437
Insurance	-	5,539	-	5,539
Printing and postage	234	2,475	1,494	4,203
Meetings and staff expenses	-	2,466	-	2,466
Depreciation	-	1,869	-	1,869
Professional development	-	1,095	-	1,095
Interest expense	-	308	-	308
Total operating expenses	\$ 1,811,464	\$ 152,918	\$ 113,377	\$ 2,077,759

The accompanying Notes are an integral
part of these financial statements

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Chef Ann Foundation

Statement of Functional Expenses

Year ended December 31, 2018

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 368,583	\$ 63,254	\$ 79,947	\$ 511,784
Payroll taxes	30,120	5,169	6,533	41,822
Employee benefits	12,958	2,224	2,811	17,993
Total personnel costs	411,661	70,647	89,291	571,599
Salad bars and other program expenses	853,650	-	-	853,650
Contract services	530,609	1,038	5,643	537,290
Grants	92,316	-	-	92,316
Travel	65,668	18,419	-	84,087
Legal and professional	12,830	38,490	-	51,320
Occupancy	26,571	10,333	-	36,904
Information technology	15,966	17,628	1,029	34,623
Marketing	24,727	-	121	24,848
Dues and subscriptions	3,681	14,765	3,723	22,169
Office expenses	-	13,167	-	13,167
Insurance	-	2,877	-	2,877
Miscellaneous expenses	-	2,263	528	2,791
Printing and postage	1,053	767	883	2,703
Depreciation	-	2,114	-	2,114
Meetings and staff expenses	-	1,801	-	1,801
Bank and credit card fees	-	862	-	862
Interest expense	-	619	-	619
Professional development	-	424	-	424
Total operating expenses	\$ 2,038,732	\$ 196,214	\$ 101,218	\$ 2,336,164

The accompanying Notes are an integral
part of these financial statements

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Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ (409,236)	\$ (353,995)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	1,869	2,114
Increase (decrease) from changes in assets and liabilities		
Contributions receivable	(139,504)	54,973
Other receivables	2,900	(2,900)
Prepaid expenses	(4,466)	3,813
Deposit	-	2,300
Accounts payable	60,203	(3,189)
Accrued compensation and benefits	9,940	8,585
Net cash used by operating activities	<u>(478,294)</u>	<u>(288,299)</u>
Cash Flows From Financing Activities		
Principal payments on capital lease obligations	<u>(3,465)</u>	<u>(3,075)</u>
Net cash used by financing activities	<u>(3,465)</u>	<u>(3,075)</u>
Net Decrease in Cash and Cash Equivalents	(481,759)	(291,374)
Cash and Cash Equivalents, Beginning of Year	<u>1,213,925</u>	<u>1,505,299</u>
Cash and Cash Equivalents, End of Year	<u>\$ 732,166</u>	<u>\$ 1,213,925</u>
Supplemental Cash Flow Information		
Cash paid for interest	\$ 308	\$ 619

The accompanying Notes are an integral
part of these financial statements

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Chef Ann Foundation

Notes to Financial Statements

December 31, 2019 and 2018

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. Chef Ann Foundation (the Organization) is a Colorado non-profit corporation established in October 2008 to provide school communities with the tools, training, resources and funding that enables them to create healthier food and redefine lunchroom environments. The Organization's vision is to help schools take action so that every child has daily access to fresh, healthy food. The Organization carries out that vision by actively supporting school districts nationwide through grant programs and by providing tried and tested tools for school food change. Funding for the Organization is primarily obtained through charitable grants and contributions from interested parties.

Basis of Accounting. The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, providing services, and receiving interest and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Changes in Accounting Principles. On January 1, 2019, the Organization adopted FASB ASU No. 2018-08 (Topic 958) - *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope of accounting guidance for contributions received and contributions made. The Organization adopted ASU 2018-08 under the modified retrospective approach, applying the amendments to prospective reporting periods. Results from reporting periods beginning after January 1, 2019, are presented under Topic 958, while prior period amounts are not adjusted and continue to be reported in accordance with previous guidance. The adoption would not have had any material effect on the change in net assets for the year ended December 31, 2018, or on net assets as of December 31, 2018

Additionally, on January 1, 2019, the Organization adopted FASB ASU No. 2014-09 (Topic 606) - *Revenue from Contracts With Customers*, which provides guidance for revenue recognition that superseded previous guidance.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2019 and 2018

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Changes in Accounting Principles (continued). Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods and services. The Organization adopted ASU 2014-09 under the modified retrospective approach, applying the amendments to prospective reporting periods. Results from reporting periods beginning after January 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with previous guidance. The adoption would not have had any material effect on the change in net assets for the year ended December 31, 2018, or on net assets as of December 31, 2018.

Cash and Cash Equivalents. Cash consists of a checking and savings accounts held at a financial institution. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

Contributions Receivable. Unconditional promises to give are recognized as revenue in the period received. Contributions receivable are recorded at the amount the Organization expects to receive, allowing for estimated uncollectible contributions. The allowance for uncollectible contributions is estimated based on management's review of specific contributions outstanding. As of December 31, 2019 and 2018, management believes all contributions receivable are fully collectible, and accordingly, no allowance for doubtful contributions has been recorded. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Other Receivables. Other receivables consist of amounts due from a former employee for salaries advanced during 2018. As of December 31, 2018, management believes all other receivables are fully collectible, and accordingly, no allowance for doubtful accounts has been recorded.

Equipment. It is the Organization's policy to capitalize equipment at cost for purchases over \$5,000, while repair and maintenance items are charged to expense. Donations of equipment are capitalized at their estimated fair value on the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally five years for office equipment. Depreciation expense for the years ended December 31, 2019 and 2018 was \$1,869 and \$2,114, respectively. Amortization of leased office equipment is included in depreciation expense.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2019 and 2018.

Revenue Recognition. The Organization's revenues from contracts with customers is comprised of enrollment fees. Enrollment fees consist of course registrations for the School Food Institute program, which are generally received in advance of the course. Any amounts received prior to the start of the course are recorded as a contract liability.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2019 and 2018

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Revenue Recognition (continued). Revenue is recognized at the point in time in which the course occurs, which satisfies the Organization's performance obligation. Revenues are reported at the amount of consideration which the Organization expects to be entitled in exchange for providing the services. The Organization determines the transaction price based on standard charges for services provided, reduced by discounts and other price concessions.

Contributions. Contributions are recognized when the donation is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Services. Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services totaled \$34,667 and \$117,000 for the years ended December 31, 2019 and 2018, respectively.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Functional Allocation of Expenses. The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through April 24, 2020, the date at which the financial statements were available for release.

Note 2 – Line of Credit

The Organization has a \$150,000 line of credit agreement with BOKF with no outstanding borrowings at December 31, 2019 and 2018. The agreement bears interest at 4% over the 1-month LIBOR rate (5.78% at December 31, 2019), and is collateralized by all business assets. The agreement matures in June 2021.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2019 and 2018

Note 3 - Lease Commitments

Capital Lease. The Organization leased office equipment under a noncancelable capital lease. The lease required monthly payments of \$308 and expired in December 2019. The leased equipment has a cost of \$9,347 and accumulated depreciation of \$5,452 at December 31, 2019.

Operating Lease. The Organization leases office space in Boulder, Colorado as a co-tenant under a noncancelable operating lease. The lease currently requires monthly payments of \$4,097, of which the Organization is responsible for half. The lease expires in January 2023. Rent expense, including taxes and other shared costs, under the lease totaled \$34,543 and \$33,981 for the years ended December 31, 2019 and 2018, respectively.

Future annual minimum lease payments required under the noncancelable operating lease are as follows at December 31, 2019:

Year	Facilities
2020	\$ 25,288
2021	26,057
2022	26,825
2023	2,241
	<u>\$ 80,411</u>

Note 4 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years December 31, 2019 and 2018:

	Learning and Resource Initiatives	Salad Bars to Schools	Total
Balance, January 1, 2018	\$ 893,785	\$ 455,692	\$ 1,349,477
Additions	1,281,575	352,125	1,633,700
Releases	(1,303,569)	(801,054)	(2,104,623)
Balance, December 31, 2018	\$ 871,791	\$ 6,763	\$ 878,554
Additions	438,295	755,371	1,193,666
Releases	(879,199)	(742,043)	(1,621,242)
Balance, December 31, 2019	<u>\$ 430,887</u>	<u>\$ 20,091</u>	<u>\$ 450,978</u>

Note 5 - Liquidity and Availability

The Organization had \$924,447 and \$1,266,702 in financial assets available within one year of December 31, 2019 and 2018, respectively. The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2019 and 2018

Note 5 - Liquidity and Availability (continued)

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity monthly. During the years ended December 31, 2019 and 2018, the level of liquidity and reserves was managed within the guiding principles.

Note 6 – Related Party Transactions

The Organization contracts with entities controlled by officers of the board of directors for contracted training and accounting support services. The Organization recognized expenses to the related parties of \$326,725 and \$568,383 in 2019 and 2018, respectively. At December 31, 2019 and 2018, the Organization owed the related parties \$6,328 and \$29,073, respectively.

Note 7 – Retirement Plan

The Organization established a 403(b) plan in January 2019. The plan covers substantially all employees with 1,000 hours of service and allows the Organization to make a discretionary matching contribution to the plan. The employer matching contributions are fully vested after three years. Matching contributions to the plan were \$3,551 during the year ended December 31, 2019.

Note 8 - Concentrations of Credit Risk

Bank Deposits. The Organization routinely maintains cash balances in excess of federally insured limits.

Major Donors. The Organization had two donors that comprised 60% of total support and revenue for the year ended December 31, 2019. Total contributions receivable outstanding from these donors totaled \$166,124 at December 31, 2019. The Organization had four donors that comprised 66% of total support and revenue for the year ended December 31, 2018. Total contributions receivable outstanding from these donors totaled \$3,146 at December 31, 2018.

Note 9 – Uncertainty and Subsequent Event

During 2020, a health care pandemic has occurred in the United States and internationally. In response to the crisis, the federal, state, and municipal governments have enacted various policies to curtail group gatherings until the risk has diminished. Certain activities of the Organizations are subject to closure or substantially modified operations. Additionally, the global economy has been negatively impacted. No reliable estimate of the potential future financial impacts of this uncertainty on the Organization can be made at this time.