

Chef Ann Foundation
(a nonprofit Colorado corporation)
Boulder, Colorado

Financial Statements

December 31, 2018 and 2017

Chef Ann Foundation

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Independent Auditors' 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, 2018, 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 Auditors' 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, 2018, 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, 2017, were audited by other auditors whose report dated April 23, 2018, expressed an unmodified opinion on those statements.

Altruic Advisors, PLLC

Certified Public Accountants

Boulder, Colorado

April 24, 2019

Chef Ann Foundation

Statements of Financial Position

December 31	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,213,925	\$ 1,505,299
Contributions receivable, net	52,777	107,750
Other receivables	2,900	-
Prepaid expenses	1,361	5,174
Total current assets	<u>1,270,963</u>	<u>1,618,223</u>
Equipment		
Office equipment	11,362	11,362
Less accumulated amortization	(5,598)	(3,484)
Net equipment	<u>5,764</u>	<u>7,878</u>
Other Assets		
Deposit	<u>7,365</u>	<u>9,665</u>
Total assets	<u>\$ 1,284,092</u>	<u>\$ 1,635,766</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 112,468	\$ 115,657
Accrued compensation and benefits	26,758	18,173
Capital lease obligations, current portion	3,465	3,075
Total current liabilities	<u>142,691</u>	<u>136,905</u>
Long-Term Liabilities		
Capital lease obligations, net of current portion	-	3,465
Total liabilities	<u>142,691</u>	<u>140,370</u>
Net Assets		
Net assets without donor restrictions	262,847	145,919
Net assets with donor restrictions	878,554	1,349,477
Total net assets	<u>1,141,401</u>	<u>1,495,396</u>
Total liabilities and net assets	<u>\$ 1,284,092</u>	<u>\$ 1,635,766</u>

The accompanying Notes are an integral part of these financial statements

Chef Ann Foundation

Statement of Activities

Year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
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	1,996,873	(1,996,873)	-
Expiration of time restrictions	107,750	(107,750)	-
Total support	<u>2,434,019</u>	<u>(470,923)</u>	<u>1,963,096</u>
Revenue			
Enrollment fees	<u>18,823</u>	-	<u>18,823</u>
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	<u>101,218</u>	-	<u>101,218</u>
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>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>

The accompanying Notes are an integral part of these financial statements

Chef Ann Foundation

Statement of Activities

Year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Support			
Contributions and grants	\$ 496,516	\$ 2,055,751	\$ 2,552,267
Net assets released from restrictions			
Satisfaction of purpose restrictions	1,153,699	(1,153,699)	-
Expiration of time restrictions	823,329	(823,329)	-
Total support	<u>2,473,544</u>	<u>78,723</u>	<u>2,552,267</u>
Revenue			
Enrollment fees	<u>5,418</u>	<u>-</u>	<u>5,418</u>
Total operating support and revenue	<u>2,478,962</u>	<u>78,723</u>	<u>2,557,685</u>
Operating Expenses			
Program services	2,054,043	-	2,054,043
Supporting services			
General and administrative	188,370	-	188,370
Fundraising	84,631	-	84,631
Total operating expenses	<u>2,327,044</u>	<u>-</u>	<u>2,327,044</u>
Total operating support and revenue in excess of operating expenses	151,918	78,723	230,641
Other Changes			
Interest income	<u>627</u>	<u>-</u>	<u>627</u>
Change in Net Assets	152,545	78,723	231,268
Net Assets (Deficit), Beginning of Year	<u>(6,626)</u>	<u>1,270,754</u>	<u>1,264,128</u>
Net Assets, End of Year	<u>\$ 145,919</u>	<u>\$ 1,349,477</u>	<u>\$ 1,495,396</u>

The accompanying Notes are an integral
part of these financial statements

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
Employee benefits	12,958	2,224	2,811	17,993
Payroll taxes	30,120	5,169	6,533	41,822
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 expenses	\$ 2,038,732	\$ 196,214	\$ 101,218	\$ 2,336,164

The accompanying Notes are an integral part of these financial statements

Chef Ann Foundation

Statement of Functional Expenses

Year ended December 31, 2017

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 340,236	\$ 88,944	\$ 54,071	\$ 483,251
Employee benefits	7,976	3,438	2,090	13,504
Payroll taxes	22,576	9,732	5,916	38,224
Total personnel costs	370,788	102,114	62,077	534,979
Salad bars and other program expenses	978,589	-	-	978,589
Contract services	281,883	13,240	2,075	297,198
Grants	163,828	-	-	163,828
Legal and professional	57,029	19,281	8,843	85,153
Travel	83,504	-	-	83,504
Information technology	27,798	16,589	448	44,835
Marketing	29,883	-	6,678	36,561
Occupancy	24,930	4,441	-	29,371
Bad debt expense	26,000	-	-	26,000
Dues and subscriptions	-	15,239	545	15,784
Office expenses	5,807	3,465	94	9,366
Miscellaneous expenses	-	5,495	2,783	8,278
Insurance	2,780	491	-	3,271
Printing and postage	1,224	408	1,088	2,720
Interest expense	-	1,960	-	1,960
Depreciation	-	1,959	-	1,959
Bank and credit card fees	-	1,435	-	1,435
Professional development	-	1,424	-	1,424
Meetings and staff expenses	-	829	-	829
Total expenses	\$ 2,054,043	\$ 188,370	\$ 84,631	\$ 2,327,044

The accompanying Notes are an integral
part of these financial statements

Chef Ann Foundation

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ (353,995)	\$ 231,268
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	2,114	1,959
Provision for bad debts	-	26,000
Increase (decrease) from changes in assets and liabilities		
Contributions receivable	54,973	689,580
Other receivables	(2,900)	-
Prepaid expenses	3,813	(2,469)
Deposit	2,300	(7,365)
Accounts payable	(3,189)	(53,890)
Grants payable	-	(50,000)
Accrued compensation and benefits	8,585	17,531
Net cash provided (used) by operating activities	<u>(288,299)</u>	<u>852,614</u>
Cash Flows From Financing Activities		
Net repayments on line of credit	-	(55,722)
Principal payments on capital lease obligations	(3,075)	(2,807)
Net cash used by financing activities	<u>(3,075)</u>	<u>(58,529)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(291,374)	794,085
Cash and Cash Equivalents, Beginning of Year	<u>1,505,299</u>	<u>711,214</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,213,925</u>	<u>\$ 1,505,299</u>
Supplemental Cash Flow Information		
Cash paid for interest	\$ 619	\$ 1,960

The accompanying Notes are an integral
part of these financial statements

Chef Ann Foundation

Notes to Financial Statements

December 31, 2018 and 2017

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.

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, 2018, management believes all contributions receivable are fully collectible, and accordingly, no allowance for doubtful contributions has been recorded. The Organization recorded an allowance of \$26,000 at December 31, 2017. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2018 and 2017

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

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, 2018 and 2017 was \$2,114 and \$1,959, 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, 2018 and 2017.

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 \$117,000 for the year ended December 31, 2018. There were no contributed services for the year ended December 31, 2017.

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.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2018 and 2017

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

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, 2019, the date at which the financial statements were available for release.

Note 2 - New Accounting Pronouncement

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, with the stated purpose of improving financial reporting by not-for-profit entities. During the year ended December 31, 2018, the Organization adopted the requirements of ASU 2016-14 and, as a result, adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Organization's financial statements.

The temporarily restricted net asset class has been renamed "net assets with donor restrictions".

The unrestricted net asset class has been renamed "net assets without donor restrictions".

The financial statements include a new disclosure about liquidity and availability of resources (Note 6).

The changes have the following effect on net assets at December 31, 2017:

	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 145,920	\$ -
Temporarily restricted net assets	1,349,476	-
Net assets without donor restrictions	-	145,920
Net assets with donor restrictions	-	1,349,476
	<u>\$ 1,495,396</u>	<u>\$ 1,495,396</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 3 – Line of Credit

The Organization has a \$150,000 line of credit agreement with Colorado State Bank and Trust with no outstanding borrowings at December 31, 2018 and 2017. The agreement bears interest at 4% over the 1-month LIBOR rate (6.5% at December 31, 2018), and is collateralized by all business assets. The agreement matures in June 2019.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2018 and 2017

Note 4 - Lease Commitments

Capital Lease. The Organization leases office equipment under a noncancelable capital lease. The lease requires monthly payments of \$308 and expires in December 2019. The leased equipment has a cost of \$9,347 and accumulated depreciation of \$3,583 at December 31, 2018.

Future annual minimum lease payments required under the noncancelable capital lease are as follows at December 31, 2018:

<u>Year</u>	<u>Amount</u>
2019	\$ 3,695
Less: amount representing interest	(230)
	<u>\$ 3,465</u>

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 \$3,969, 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 \$33,981 for the year ended December 31, 2018. Under a prior lease agreement for office space, rent expense totaled \$29,371 for the year ended December 31, 2017.

Future annual minimum lease payments required under the noncancelable operating lease are as follows at December 31, 2018:

<u>Year</u>	<u>Facilities</u>
2019	\$ 24,520
2020	25,288
2021	26,057
2022	26,825
2023	2,241
	<u>\$ 104,931</u>

Note 5 - Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years December 31, 2018 and 2017:

	<u>Purpose Restrictions</u>			<u>Total</u>
	<u>Learning and Resource Initiatives</u>	<u>Salad Bars to Schools</u>	<u>Time Restriction</u>	
Balance, January 1, 2017	\$ 447,424	\$ -	\$ 823,330	\$ 1,270,754
Additions	1,050,638	897,364	107,749	2,055,751
Releases	(691,341)	(462,358)	(823,329)	(1,977,028)
Balance, December 31, 2017	\$ 806,721	\$ 435,006	\$ 107,750	\$ 1,349,477
Additions	1,231,944	348,979	52,777	1,633,700
Releases	(1,216,505)	(780,368)	(107,750)	(2,104,623)
Balance, December 31, 2018	<u>\$ 822,160</u>	<u>\$ 3,617</u>	<u>\$ 52,777</u>	<u>\$ 878,554</u>

Chef Ann Foundation

Notes to Financial Statements

December 31, 2018 and 2017

Note 6 - Liquidity and Availability

The Organization had \$1,270,963 and 1,618,223 in financial assets available within one year of December 31, 2018 and 2017, 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. 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, 2018 and 2017, the level of liquidity and reserves was managed within the guiding principles.

Note 7 – Conditional Promise to Give

In June 2018, the Organization was awarded a grant totaling \$374,961. The grant agreement requires program milestones to be achieved by the Organization and are subject to the grantor's review and approval prior to receiving future payments. Grant proceeds received during 2018 totaled \$246,016, and the remaining balance to be earned is expected to be received in August 2019 upon completion of certain program objectives. The conditional promise to give will be recognized as revenue upon completion of those objectives.

Note 8 – 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 \$568,383 and \$529,100 in 2018 and 2017, respectively. At December 31, 2018 and 2017, the Organization owed the related parties \$29,073 and \$8,649, respectively.

Note 9 - Concentrations of Credit Risk

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

Major Donors. The Organization had four donors that comprised 66% of total support and revenue for the year ended December 31, 2018. The total contributions receivable outstanding from these donors totaled \$3,146 at December 31, 2018. The Organization had three donors that comprised 87% of total support and revenue for the year ended December 31, 2017. The total contributions receivable outstanding from these donors totaled \$61,418 at December 31, 2017.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2018 and 2017

Note 10 – Subsequent Events

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.