

Chef Ann Foundation

(a nonprofit Colorado corporation)

Financial Statements

December 31, 2020 and 2019

Chef Ann Foundation

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Independent Auditor's Report

To the Board of Directors
Chef Ann Foundation
Boulder, Colorado

Opinion

We have audited the accompanying financial statements of Chef Ann Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chef Ann Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Chef Ann Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, 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 Chef Ann Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (continued)

Auditor's Responsibility for the Audit of the Financial Statements

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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.
- 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 Chef Ann Foundation'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 Chef Ann Foundation'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.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Longmont, Colorado
March 25, 2021

Chef Ann Foundation

Statements of Financial Position

December 31	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,742,115	\$ 732,166
Contributions receivable	24,846	192,281
Prepaid expenses	-	5,827
Total current assets	<u>1,766,961</u>	<u>930,274</u>
Equipment		
Office equipment	9,347	11,362
Less accumulated amortization	(7,321)	(7,467)
Net equipment	<u>2,026</u>	<u>3,895</u>
Other Assets		
Deposit	<u>1,244</u>	<u>7,365</u>
Total assets	<u>\$ 1,770,231</u>	<u>\$ 941,534</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 383,787	\$ 172,671
Accrued compensation and benefits	9,088	36,698
Total current liabilities	<u>392,875</u>	<u>209,369</u>
Net Assets		
Without donor restrictions	397,228	281,187
With donor restrictions	980,128	450,978
Total net assets	<u>1,377,356</u>	<u>732,165</u>
Total liabilities and net assets	<u>\$ 1,770,231</u>	<u>\$ 941,534</u>

The accompanying Notes are an integral
part of these financial statements

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Chef Ann Foundation

Statement of Activities

Year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 424,077	\$ 1,795,195	\$ 2,219,272
In-kind contributions	22,000	-	22,000
Net assets released from restrictions			
Satisfaction of purpose restrictions	1,266,045	(1,266,045)	-
Total operating support	<u>1,712,122</u>	<u>529,150</u>	<u>2,241,272</u>
Operating Revenue			
Enrollment fees	14,997	-	14,997
Total operating support and revenue	<u>1,727,119</u>	<u>529,150</u>	<u>2,256,269</u>
Operating Expenses			
Program services	1,483,643	-	1,483,643
Supporting services			
General and administrative	116,500	-	116,500
Fundraising	116,328	-	116,328
Total operating expenses	<u>1,716,471</u>	<u>-</u>	<u>1,716,471</u>
Total operating support and revenue in excess of operating expenses	<u>10,648</u>	<u>529,150</u>	<u>539,798</u>
Other Changes			
Paycheck Protection Program grant	101,000	-	101,000
Interest income	1,893	-	1,893
Other income	2,500	-	2,500
Total other changes	<u>105,393</u>	<u>-</u>	<u>105,393</u>
Change in Net Assets	<u>116,041</u>	<u>529,150</u>	<u>645,191</u>
Net Assets, Beginning of Year	<u>281,187</u>	<u>450,978</u>	<u>732,165</u>
Net Assets, End of Year	<u>\$ 397,228</u>	<u>\$ 980,128</u>	<u>\$ 1,377,356</u>

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Chef Ann Foundation

Statement of Activities

Year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
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 operating 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	<u>16,192</u>	<u>(427,576)</u>	<u>(411,384)</u>
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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Statement of Functional Expenses

Year ended December 31, 2020

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 482,358	\$ 72,032	\$ 84,350	\$ 638,740
Payroll taxes	38,434	6,008	6,453	50,895
Employee benefits	27,164	4,057	4,750	35,971
Total personnel costs	547,956	82,097	95,553	725,606
Salad bars and other program expenses	511,696	-	-	511,696
Contract services	159,843	-	650	160,493
Grants	59,641	-	-	59,641
Bad debt expense	55,817	-	-	55,817
Information technology	54,446	-	24	54,470
Occupancy	26,628	3,948	4,623	35,199
Marketing	17,823	-	5,359	23,182
Legal and professional	16,677	5,559	-	22,236
Travel	17,832	-	1,857	19,689
Dues and subscriptions	14,031	-	3,053	17,084
Miscellaneous expenses	-	8,729	-	8,729
Printing and postage	-	3,321	5,209	8,530
Insurance	-	5,372	-	5,372
Office expenses	1,248	3,745	-	4,993
Depreciation	-	1,869	-	1,869
Bank and credit card fees	5	900	-	905
Professional development	-	820	-	820
Meetings and staff expenses	-	125	-	125
Interest expense	-	15	-	15
Total operating expenses	\$ 1,483,643	\$ 116,500	\$ 116,328	\$ 1,716,471

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, 2019

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 385,814	\$ 58,907	\$ 70,142	\$ 514,863
Payroll taxes	25,420	11,802	3,081	40,303
Employee benefits	7,496	22,382	5,366	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	<u>\$ 1,811,464</u>	<u>\$ 152,918</u>	<u>\$ 113,377</u>	<u>\$ 2,077,759</u>

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	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 645,191	\$ (409,236)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	1,869	1,869
Provision for bad debts	55,817	-
Increase (decrease) from changes in assets and liabilities		
Contributions receivable	111,618	(139,504)
Other receivables	-	2,900
Prepaid expenses	5,827	(4,466)
Deposit	6,121	-
Accounts payable	211,116	60,203
Accrued compensation and benefits	(27,610)	9,940
Net cash provided (used) by operating activities	<u>1,009,949</u>	<u>(478,294)</u>
Cash Flows From Financing Activities		
Principal payments on capital lease obligations	-	(3,465)
Net cash used by financing activities	<u>-</u>	<u>(3,465)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,009,949	(481,759)
Cash and Cash Equivalents, Beginning of Year	732,166	1,213,925
Cash and Cash Equivalents, End of Year	\$ 1,742,115	\$ 732,166
Supplemental Cash Flow Information		
Cash paid for interest	\$ 15	\$ 308

The accompanying Notes are an integral part of these financial statements

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Chef Ann Foundation

Notes to Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019, 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.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2020 and 2019

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

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 totaled \$1,869 for each of the years ended December 31, 2020 and 2019.

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, 2020 and 2019.

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. 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 \$22,000 and \$34,667 for the years ended December 31, 2020 and 2019, 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.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2020 and 2019

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

Functional Allocation of Expenses (continued). 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 March 25, 2021, the date at which the financial statements were available for release.

Note 2 - Liquidity and Availability

The Organization had \$1,766,961 and \$924,447 in financial assets available within one year of December 31, 2020 and 2019, 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, 2020 and 2019, the level of liquidity and reserves was managed within the guiding principles.

Note 3 – Line of Credit

The Organization has a \$150,000 line of credit agreement with BOK Financial with no outstanding borrowings at December 31, 2020 and 2019. The agreement bears interest at 4% over the 1-month LIBOR rate (4.16% at December 31, 2020), and is collateralized by all business assets. The agreement matures in June 2021.

Note 4 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years December 31, 2020 and 2019:

	Learning and Resource Initiatives	Salad Bars to Schools	Total
Balance, January 1, 2019	\$ 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	\$ 430,887	\$ 20,091	\$ 450,978
Additions	1,317,643	477,552	1,795,195
Releases	(768,402)	(497,643)	(1,266,045)
Balance, December 31, 2020	\$ 980,128	\$ -	\$ 980,128

Chef Ann Foundation

Notes to Financial Statements

December 31, 2020 and 2019

Note 5 – Lease Commitment and Subsequent Event

The Organization leases office space in Boulder, Colorado as a co-tenant under a noncancelable operating lease. The lease currently requires monthly payments of \$4,225, 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 \$32,822 and \$34,543 for the years ended December 31, 2020 and 2019, respectively.

Future annual minimum lease payments required under the noncancelable operating lease are as follows at December 31, 2020:

Year	Facilities
2021	\$ 26,057
2022	26,825
2023	2,241
	<u>\$ 55,123</u>

In February 2021, the Organization terminated the lease for office space in Boulder, Colorado. For the termination of the noncancelable operating lease the Organization paid the landlord an early termination fee of \$7,893.

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 \$126,765 and \$326,725 in 2020 and 2019, respectively. At December 31, 2020 and 2019, the Organization owed the related parties \$244 and \$6,328, 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 \$5,000 and \$3,551 during the years ended December 31, 2020 and 2019.

Note 8 – Paycheck Protection Program and Subsequent Event

During April 2020, the Organization received proceeds from the Paycheck Protection Program administered by the U.S. Small Business Administration of \$101,000. Proceeds from the program are considered a government grant if at least 60% of the proceeds are spent on eligible payroll, with the remaining 40% on other narrowly specified expenses. As of December 31, 2020, the Organization fulfilled the requirements of the program. Accordingly, the Organization recognized grant revenue totaling \$101,000 in the accompanying statements of activities.

Chef Ann Foundation

Notes to Financial Statements

December 31, 2020 and 2019

Note 8 – Paycheck Protection Program and Subsequent Event (continued)

In February 2021, the Organization received proceeds from a second draw of the Paycheck Protection Program administered by the U.S. Small Business Administration of \$127,070. Proceeds from the program are considered a government grant if at least 60% of the proceeds are spent on eligible payroll, with the remaining 40% on other narrowly specified expenses within the covered period.

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 two donors that comprised 64% and 60% of total support and revenue for the years ended December 31, 2020 and 2019, respectively. Total contributions receivable outstanding from the donors totaled \$502,153 and \$166,124 at December 31, 2020 and 2019, respectively.

Note 10 – Risks and Uncertainty

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.