

EDIBLE SCHOOLYARD NYC
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

GETTRYMARCUS



Edible Schoolyard NYC

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Years Ended June 30, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors
Edible Schoolyard NYC

We have audited the accompanying financial statements of Edible Schoolyard NYC (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Edible Schoolyard NYC as of June 30, 2021 and 2020, 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.

GETTRY MARCUS CPA, P.C.

Gettry Marcus CPA, P.C.
New York, New York
May 6, 2022

Edible Schoolyard NYC
Statement of Financial Position
June 30, 2021

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 1,090,357	\$ 25,168	\$ 1,115,525
Contributions receivable, net	44,698	105,000	149,698
Grants receivable	-	116,952	116,952
Prepaid expenses and other current assets	<u>6,345</u>	<u>-</u>	<u>6,345</u>
Total current assets	<u>1,141,400</u>	<u>247,120</u>	<u>1,388,520</u>
Other assets			
Property, equipment and website development costs, net	14,753	-	14,753
Security deposit	<u>1,102</u>	<u>-</u>	<u>1,102</u>
Total other assets	<u>15,855</u>	<u>-</u>	<u>15,855</u>
Total assets	<u><u>\$ 1,157,255</u></u>	<u><u>\$ 247,120</u></u>	<u><u>\$ 1,404,375</u></u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	<u>\$ 1,832</u>	<u>\$ -</u>	<u>\$ 1,832</u>
Net assets			
Without donor restrictions	1,155,423	-	1,155,423
With donor restrictions	<u>-</u>	<u>247,120</u>	<u>247,120</u>
Total net assets	<u>1,155,423</u>	<u>247,120</u>	<u>1,402,543</u>
Total liabilities and net assets	<u><u>\$ 1,157,255</u></u>	<u><u>\$ 247,120</u></u>	<u><u>\$ 1,404,375</u></u>

Edible Schoolyard NYC
Statement of Financial Position
June 30, 2020

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 1,014,509	\$ 92,510	\$ 1,107,019
Contributions receivable, net	56,300	-	56,300
Grants receivable	-	59,500	59,500
Prepaid expenses and other current assets	<u>31,080</u>	<u>-</u>	<u>31,080</u>
Total current assets	<u>1,101,889</u>	<u>152,010</u>	<u>1,253,899</u>
Other assets			
Property, equipment and website development costs, net	23,926	-	23,926
Security deposit	<u>3,102</u>	<u>-</u>	<u>3,102</u>
Total other assets	<u>27,028</u>	<u>-</u>	<u>27,028</u>
Total assets	<u><u>\$ 1,128,917</u></u>	<u><u>\$ 152,010</u></u>	<u><u>\$ 1,280,927</u></u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	\$ 44,046	\$ -	\$ 44,046
SBA loan - current portion	<u>133,576</u>	<u>-</u>	<u>133,576</u>
Total current liabilities	177,622	-	177,622
Long-term liability			
SBA loan, net of current portion	<u>170,079</u>	<u>-</u>	<u>170,079</u>
Total liabilities	<u>347,701</u>	<u>-</u>	<u>347,701</u>
Net assets			
Without donor restrictions	781,216	-	781,216
With donor restrictions	<u>-</u>	<u>152,010</u>	<u>152,010</u>
Total net assets	<u>781,216</u>	<u>152,010</u>	<u>933,226</u>
Total liabilities and net assets	<u><u>\$ 1,128,917</u></u>	<u><u>\$ 152,010</u></u>	<u><u>\$ 1,280,927</u></u>

Edible Schoolyard NYC
Statement of Activities
Year Ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support			
Donations	\$ 910,596	\$ 515,952	\$ 1,426,548
Contributed goods and services	93,470	-	93,470
Total support	<u>1,004,066</u>	<u>515,952</u>	<u>1,520,018</u>
Other revenues (expenses)			
Program income	12,774	-	12,774
SBA PPP loan forgiveness	612,487	-	612,487
Investment income	41	-	41
Bad debt expense	(9,300)	-	(9,300)
Total other revenues	<u>616,002</u>	<u>-</u>	<u>616,002</u>
Net assets released from restrictions	<u>420,842</u>	<u>(420,842)</u>	<u>-</u>
Total support and revenues	<u>2,040,910</u>	<u>95,110</u>	<u>2,136,020</u>
Functional expenses			
Program services:			
Public School 216	284,963	-	284,963
Public School 7	281,524	-	281,524
Network schools	328,037	-	328,037
Partner schools	17,689	-	17,689
Program evaluation	63,760	-	63,760
Program expansion and development	8,340	-	8,340
Professional development	76,177	-	76,177
Total program services	<u>1,060,490</u>	<u>-</u>	<u>1,060,490</u>
Supporting services			
Administration	219,018	-	219,018
Development	387,195	-	387,195
Total supporting services	<u>606,213</u>	<u>-</u>	<u>606,213</u>
Total functional expenses	<u>1,666,703</u>	<u>-</u>	<u>1,666,703</u>
Increase in net assets	374,207	95,110	469,317
Net assets - Beginning of year	<u>781,216</u>	<u>152,010</u>	<u>933,226</u>
Net assets - End of year	<u><u>\$ 1,155,423</u></u>	<u><u>\$ 247,120</u></u>	<u><u>\$ 1,402,543</u></u>

Edible Schoolyard NYC
Statement of Activities
Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support			
Donations	\$ 790,399	\$ 502,111	\$ 1,292,510
Contributed goods and services	155,634	-	155,634
Special benefit events	689,045	-	689,045
Less: Direct benefit expenses paid	(52,795)	-	(52,795)
Less: Direct benefit expenses donated	(41,389)	-	(41,389)
Total support	1,540,894	502,111	2,043,005
Other revenues (expenses)			
Program income	14,543	-	14,543
Investment income	1,382	-	1,382
Bad debt expense	(14,905)	-	(14,905)
Total other revenues (expenses)	1,020	-	1,020
Net assets released from restrictions	713,770	(713,770)	-
Total support and revenues	2,255,684	(211,659)	2,044,025
Functional expenses			
Program services:			
Public School 216	420,544	-	420,544
Public School 7	375,550	-	375,550
Network schools	407,310	-	407,310
Partner schools	73,469	-	73,469
Program evaluation	87,969	-	87,969
Program expansion and development	57,916	-	57,916
Professional development	90,453	-	90,453
Total program services	1,513,211	-	1,513,211
Supporting services			
Administration	243,964	-	243,964
Development	577,854	-	577,854
Total supporting services	821,818	-	821,818
Total functional expenses	2,335,029	-	2,335,029
Decrease in net assets	(79,345)	(211,659)	(291,004)
Net assets - Beginning of year	860,561	363,669	1,224,230
Net assets - End of year	\$ 781,216	\$ 152,010	\$ 933,226

Edible Schoolyard NYC
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services						Supporting Services					Total Functional Expenses	
	Public School 216	Public School 7	Network Schools	Partner Schools	Program Evaluation	Program Expansion & Development	Professional Development	Total Program Services	Administration	Development	Total Supporting Services		
Salaries	\$ 201,491	\$ 195,258	\$ 213,146	\$ 14,645	\$ 48,884	\$ -	\$ -	\$ 60,961	\$ 734,385	\$ 37,021	\$ 288,848	\$ 325,869	\$ 1,060,254
Payroll taxes and employee benefits	57,252	59,672	53,796	2,743	13,177	-	-	13,487	200,127	5,968	44,900	50,868	250,995
Total salaries and related expenses	258,743	254,930	266,942	17,388	62,061	-	-	74,448	934,512	42,989	333,748	376,737	1,311,249
Facility services	-	-	-	-	-	-	-	-	-	77,901	-	77,901	77,901
Program supplies	14,854	15,586	16,530	-	51	-	-	200	47,221	755	154	909	48,130
Communications	1,770	3,096	-	-	-	840	-	-	5,706	3,857	600	4,457	10,163
Postage and shipping	-	-	-	-	-	-	-	-	-	74	436	510	510
Office expense and supplies	710	1,476	2,197	-	-	-	-	-	4,383	636	300	936	5,319
Permits and fees	75	-	270	-	-	-	-	-	345	507	322	829	1,174
Consulting and professional fees	3,952	3,313	29,937	194	573	7,500	-	987	46,456	73,742	14,187	87,929	134,385
Printing and copying	-	-	-	-	-	-	-	-	-	52	2,280	2,332	2,332
Books, subscriptions and software	80	-	-	-	554	-	-	-	634	3,398	5,212	8,610	9,244
Computer support and expenses	-	-	44	-	-	-	-	-	44	1,542	-	1,542	1,586
Advertising	-	-	-	-	-	-	-	114	114	695	478	1,173	1,287
Insurance	4,644	2,690	10,435	107	257	-	-	428	18,561	5,353	1,853	7,206	25,767
Travel	135	242	892	-	-	-	-	-	1,269	52	37	89	1,358
Meals and entertainment	-	-	35	-	-	-	-	-	35	-	11	11	46
Bank and credit card charges	-	26	-	-	-	-	-	-	26	261	1,686	1,947	1,973
Fundraising	-	-	-	-	-	-	-	-	-	-	25,106	25,106	25,106
Total expenses before depreciation and amortization	284,963	281,359	327,282	17,689	63,496	8,340	-	76,177	1,059,306	211,814	386,410	598,224	1,657,530
Depreciation and amortization	-	165	755	-	264	-	-	-	1,184	7,204	785	7,989	9,173
Total expenses	\$ 284,963	\$ 281,524	\$ 328,037	\$ 17,689	\$ 63,760	\$ 8,340	\$ -	\$ 76,177	\$ 1,060,490	\$ 219,018	\$ 387,195	\$ 606,213	\$ 1,666,703

See independent auditor's report and notes to financial statements.

Edible Schoolyard NYC
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services				Supporting Services				Total Functional Expenses
	Public School 216	Public School 7	Network Schools	Partner Schools	Program Evaluation	Program Expansion & Development	Professional Development	Total Program Services	
Salaries	\$ 314,240	\$ 280,078	\$ 261,363	\$ 55,527	\$ 71,894	\$ 34,853	\$ 73,102	\$ 1,091,057	\$ 383,842
Payroll taxes and employee benefits	74,304	66,018	57,210	12,428	10,253	3,565	15,208	238,986	60,969
Total salaries and related expenses	388,544	346,096	318,573	67,955	82,147	38,418	88,310	1,330,043	393,329
Facility services	-	-	-	-	-	-	-	-	-
Program supplies	16,759	13,314	30,602	3,656	-	-	115	64,446	64,446
Communications	1,917	3,123	-	-	-	840	-	5,880	4,035
Postage and shipping	-	-	-	-	20	-	-	20	1,293
Office expense and supplies	904	988	1,143	-	24	-	187	3,246	1,768
Permits and fees	118	253	270	-	-	-	-	641	497
Consulting and professional fees	6,076	5,580	37,508	837	1,757	4,018	1,275	57,051	630
Printing and copying	-	-	-	-	-	-	-	-	157,456
Books, subscriptions and software	432	-	40	-	420	-	-	892	5,767
Computer support and expenses	213	1,208	1,580	-	1,701	-	-	4,702	4,228
Conferences and staff development	463	1,394	381	-	1,042	8,190	-	11,470	1,412
Advertising	-	-	-	-	-	-	-	-	157
Insurance	4,588	2,756	9,190	1,021	425	214	472	18,646	86
Travel	403	526	7,268	-	127	1,881	69	10,274	2,145
Meals and entertainment	147	147	-	-	42	4,355	25	4,716	217
Bank and credit card charges	-	-	-	-	-	-	-	-	2,190
Total expenses before depreciation and amortization	420,544	375,385	406,555	73,469	87,705	57,916	90,453	1,512,027	577,069
Depreciation and amortization	-	165	755	-	264	-	-	1,184	785
Total expenses	\$ 420,544	\$ 375,550	\$ 407,310	\$ 73,469	\$ 87,969	\$ 57,916	\$ 90,453	\$ 1,513,211	\$ 577,854
									\$ 821,818
									\$ 2,335,029

See independent auditor's report and notes to financial statements.

Edible Schoolyard NYC
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 469,317	\$ (291,004)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	9,173	10,088
Bad debt expense	9,300	14,905
SBA PPP loan forgiveness	(612,487)	-
(Increase) decrease in operating assets:		
Contributions receivable	(102,698)	(2,340)
Grants receivable	(57,452)	92,135
Prepaid expenses and other assets	24,735	(18,218)
Security deposit	2,000	(2,000)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(42,214)	29,023
Total adjustments	<u>(769,643)</u>	<u>123,593</u>
Net cash used in operating activities	(300,326)	(167,411)
Cash flows from financing activity		
Proceeds from SBA loan	<u>308,832</u>	<u>303,655</u>
Net increase in cash	8,506	136,244
Cash - Beginning of year	<u>1,107,019</u>	<u>970,775</u>
Cash - End of year	<u><u>\$ 1,115,525</u></u>	<u><u>\$ 1,107,019</u></u>

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 – Summary of Organization and Nature of Activities

Organization and Nature of Activities

Edible Schoolyard NYC (the “Organization”), a nonprofit organization established in 2010 partners with New York City public schools to cultivate healthy students and communities through hands-on cooking and gardening education, transforming children’s relationship with food and supporting edible education for every New York City child.

The Organization is supported primarily through donor contributions, grants and special benefit events.

Description of Program and Supporting Services

The Organization currently has several major programmatic focuses: Demonstration Schools (P.S. 7 and P.S. 216), Network Schools (P.S. 311, P.S. 109, Evergreen, BCCS, and BGES), Professional Development, Program Evaluation and Expansion. The Organization also tracks progress against its outcome goals through Program Evaluation, and tracks shared programmatic expenses and investments through the Program Expansion and Development category. In April 2018, the Organization approved a new strategic plan that went into effect as of July 1, 2018. This strategic plan provides growth and impact goals for the next four years, with supporting strategies to implement them.

Demonstration Schools

Demonstration schools are sites where Edible Schoolyard NYC is deeply rooted in the school community. At each school, all students learn from garden teachers and kitchen teachers in garden and cooking classes that are integrated into the school’s existing curriculum. In these schools, the Organization cultivates healthy relationships to food through the hands-on, positive, culturally relevant gardening and cooking classes that are at the heart of its program. The program reinforces its in-class work with cafeteria interventions, after school clubs, food distributions, and family and community programming, with a goal of supporting whole school wellness.

The Organization currently has two demonstration schools, at P.S. 216 in Brooklyn and P.S. 7 in East Harlem.

P.S. 216, The Arturo Toscanini School in Gravesend Brooklyn, was the Organization’s inaugural demonstration school and site for their model garden and kitchen classroom programs and a custom designed kitchen classroom and half-acre garden. In April 2013 a second demonstration school was added at P.S./M.S. 7. This second site serves as a paradigm for a different type of teaching garden in New York, with a 4,000 square foot raised bed courtyard garden and kitchen classroom, and a roof-top garden and greenhouse.

Professional Development

Through the Professional Development Program, the Organization invites educators from all over the city and beyond (since the adoption of virtual workshops) to learn the tools and curriculum to incorporate edible education into their own classrooms. The program also includes supporting selected schools and partner organizations through site visits and professional development sessions designed specifically for partner groups.

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 – Summary of Organization and Nature of Activities (continued)

Network Schools

In Fall 2015, the Network Schools program was launched as a way of expanding edible education programming to more schools. The Network Schools Program brings seed-to-table education to schools in the Bronx and Brooklyn. Network Schools expand on the Demonstration School model to make food education accessible to even more NYC kids. They are in neighborhoods identified by the NYC Department of Health as having high rates of diet-related diseases and large numbers of children from low-income families. The Organization works closely with Network School staff and communities to expand gardens, add kitchen classes, and promote a vibrant culture around healthy food. Network School communities learn to grow and manage their own edible education programs. Each school's program is unique, based on the community's needs, goals, and resources, and is led by one Organization teacher or FoodCorps service member and overseen by an Organization program manager.

In September 2018, the Organization added a new Network School, P.S. 218 in the South Bronx. Brighter Choice Community School was added in September 2019. In the 2019-20 school year, the Organization had six network schools, but decided to leave P.S. 218 due to changes in programming due to the coronavirus pandemic ("COVID-19"), and therefore worked with five network schools in the 2020-21 school year.

Program Evaluation

The Organization is focused extensively on evaluating impact, starting with defining outcomes and using existing research and the Organization's experience to inform the work. The evaluation strategy and outcomes framework were first implemented in Spring 2014. The current system includes data collection and analysis of both quantitative outputs and outcomes as well as qualitative data. The Organization's key outcomes assess students' healthy eating attitudes and behaviors, socio-emotional development, and food and environmental justice commitment; schools' food environment and integration of garden and cooking lessons; and educators' capacity and desire to lead cooking and gardening programming. Measurement tools include student, teacher, and professional development workshop participant surveys, qualitative interviews, quotes, and anecdotes from students, families, and school staff, and weekly outputs tracking. In 2017, the Organization completed a 4-year research study in partnership with Teacher's College at Columbia University.

Partner Schools

In September 2018, the Organization merged with the Bubble Foundation. The Organization now implements Bubble's edible education programming in Bubble's 14 schools citywide. These schools were called Partner Schools. The merger, which was aligned with the goals of the Organization's new strategic plan, served as an opportunity to consolidate the two organizations' efforts, increase their footprint, and become a model for collaboration, not only in the nutrition education space, but in the nonprofit sector as a whole. By combining Bubble's proven curriculum and network of schools with the Organization's in-depth service model, data-driven approach, and resources, more students received meaningful nutrition and wellness education. The Organization supported Partner schools with curriculum integration, capacity building, and developing a schoolwide culture of health and wellness.

In September 2019, one of the Partner schools, Brighter Choice Community School in Brooklyn, became a Network School.

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 – Summary of Organization and Nature of Activities (continued)

For the 2020-21 school year, starting in July 2020, the Organization decided to pause the Partner Schools program due to the challenges posed by COVID-19.

COVID-19 Programming Changes

While New York City schools went fully remote in March 2020, the Organization continued to support schools in the following ways through remote programming, garden support, and renewed focus on food access. The Organization reached nearly 3,000 students by:

- Producing virtual lessons and activities including traditional cooking and gardening lessons as well as movement and mindfulness activities
- Distributing take-home lesson materials, such as 568 cooking and gardening kits for kids to learn at home

COVID-19 has made food insecurity more widespread than ever across New York City. In response, during the 2020-21 school year, the Organization

- Nurtured over 33,000 square feet of school garden space to grow and harvest fresh produce
- Provided over 6,000 food distributions in the 2020-21 school year

In addition, professional development workshops went fully virtual in March 2020. During the 2020-21 school year, the Organization's professional development workshops trained 251 educators who reached over 14,000 students.

Administration

Includes the functions necessary to ensure an adequate working environment and to manage the administrative, financial and budgetary responsibilities of the Organization.

Development

Provides the structure necessary to encourage and secure financial support from individuals, foundations, corporations and government agencies.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

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 that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board may designate assets without restrictions for specific operational purposes from time to time.

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a restriction expires (when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donations of property and equipment are recorded as support at their estimated fair value at the date of the donation.

Contributions and Expenditures

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give will be recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets will be reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities will be reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Uninsured Cash Balances

The Organization maintains cash balances at a bank in the New York metropolitan area. Cash accounts at the bank are insured by the Federal Deposit Insurance Corporation subject to certain limits. At times, cash balances may be in excess of the insured limits. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk on its cash.

Contributions and Grants Receivable

Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. The allowance for doubtful accounts was \$4,000 as of June 30, 2021 and 2020. Bad debt expense amounted to \$9,300 and \$14,905 for the years ended June 30, 2021 and 2020, respectively.

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Property, Equipment and Website Development Costs and Depreciation or Amortization Methods
Property, equipment and website development additions exceeding \$1,500 are recorded at cost. Major property and equipment additions are recorded at cost if purchased, or, if in the case of donated property, at the fair value at the date of the gift. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property, equipment and website development costs are depreciated or amortized using the straight-line method over the estimated useful lives of the respective assets, which are as follows:

Equipment	5 years
Furniture and fixtures	7 years
Website development costs	3 years

Financial Instruments

The Organization's financial instruments include cash, contributions receivable, grants receivable, and accounts payable. The recorded values of the cash, contributions receivable, grants receivable and accounts payable approximate their fair values due to their short-term duration.

Tax-Exempt Status

The Organization has been notified by the Internal Revenue Service that it is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code ("Code"). The Organization is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The Organization follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

Government Grants

The Organization is the recipient of various grants from government agencies. Expenses charged to these grants are subject to audit by the government agencies and recoupment. In the opinion of management, no provision for potential liability was necessary at June 30, 2021 and 2020.

In-Kind Contributions

During the years ended June 30, 2021 and 2020 the value of contributed goods and services meeting the requirements for recognition in the financial statements were included in support on the statement of activities and allocated among the corresponding functional expenses based on the nature of the goods and services.

Functional Expense Allocations

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, certain costs have been allocated among the programs and supporting services benefited, using appropriate measurement methodologies. Those expenses include salaries and related costs, which are allocated based on time and effort.

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

The Organization evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. Impairment losses, if any, would be determined based on fair value, using the present value of the cash flows with discount rates that reflect the inherent risk of the underlying business. No impairment was required to be recognized for the years ended June 30, 2021 and 2020.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are based on past experience and other assumptions that management believes are reasonable under the circumstances, and management evaluates these estimates on an ongoing basis. The significant estimates of the Organization include the allowances for uncollectible receivables, and estimated lives on property, equipment, and website development costs.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$1,287 and \$111 for the years ended June 30, 2021 and 2020, respectively.

Union Recognition and Collective Bargaining Agreements

The Organization has a collective bargaining agreement with a union representing certain employees. The bargaining unit includes program staff, but excludes development staff and all executive staff. The agreement includes certain work rules and procedural terms as well as minimum base annual salary amounts. The current agreement is set to expire on August 31, 2022.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 6, 2022, the date the financial statements were available to be issued.

Accounting Standards Updates (“ASU”)

The Organization has reviewed recently issued ASU’s by the Financial Accounting Standards Board (“FASB”) and based on that review, has determined that those pronouncements, with the exceptions below, will not have a significant effect on the Organization’s financial statements.

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (continued)

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU replaces all current U.S. GAAP guidance on this topic and eliminates industry-specific guidance. The topic, which was amended several times since, contains a core principle, that is, to recognize revenues when promised goods or services are transferred to customers in an amount that reflect the consideration to which an entity is expected to be entitled for those goods or services. The ASU defines a five-step process to achieve this core principle and, in so doing, more judgement and estimates may be required within the revenue recognition process than was previously required. This process includes identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocation the transaction to each performance obligation. The ASU is effective for annual periods beginning after December 15, 2019. Entities can use either one of these methods (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the ASU, or, (b) retrospective with the cumulative effect of initially applying the ASU recognized at the date of initial application and providing certain additional disclosures as defined in the ASU. The Organization has adopted this ASU effective July 1, 2020, and the adoption had no impact on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). ASU 2016-02 replaced all current U.S. GAAP guidance on this topic. Under ASU 2016-02:

- A lessee would account for both finance leases and operating leases by recognizing a right-of-use asset and a lease liability on the balance sheet, with an exception for leases that commence at or near the end of the underlying asset’s economic life. Finance leases will recognize amortization of the right-of-use asset separately from interest on the lease liability, and operating leases will recognize the lease expense on a straight-line basis. Additionally, the ASU only allows for the capitalization of only those costs, as initial direct costs, that are incurred due to the successful execution of a lease.
- Allows for an optional transition method to adopt this ASU for comparative financial statement presentations. Under this transition method, an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings (deficit) in the year of adoption. Consequently, an entity’s reporting for the comparative year presented in the financial statements in which it adopts the new lease standard, will continue to be in accordance with current U.S. GAAP (Topic 840, Leases) although it will not be consistently applied to both years.

The ASU, as amended, is effective for fiscal years beginning after December 15, 2021.

The Organization is evaluating the impact the adoption of this ASU, as amended, could have on its financial statements.

In June 2018, FASB ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves accounting guidance for contributions received and made. This ASU clarifies (i) the evaluation of transactions that are to be characterized as contributions/grants (nonreciprocal transactions) or as exchange (reciprocal) transactions, and (ii) determining whether a contribution is conditional. The ASU is effective for annual periods beginning after December 15, 2018 for entities that serve as a resource recipient and periods beginning after December 15, 2019 for entities that serve as a resource provider. The adoption of this accounting guidance had no impact on the Organization’s financial statements.

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (continued)

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The intention of this ASU is to increase transparency about nonfinancial gifts in kind, including how they are used and how they are valued. The ASU requires a separate line-item presentation of contributed nonfinancial assets in the statement of activities, apart from the contributions of cash or other financial assets. The ASU requires disclosure of the disaggregation of the amount of nonfinancial gifts in-kind received by category and the organization, and for each category, disclosure of: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; (ii) the not-for-profit's policy about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any related donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure. The ASU is effective for annual reporting periods beginning after June 15, 2021, to be applied on a retrospective basis, and earlier application is permitted. Management has not assessed the impact, if any, this ASU will have on its financial statements.

Note 3 – Grants Receivable

Grants receivable consists of unconditional promises to give that are expected to be collected in the future and conditional promises to the extent that the conditions have been met but reimbursement from the grantor had not yet been received. Restricted grants are reported as additions to the appropriate net assets with donor restrictions. All grants receivable are expected to be collected within one year. Grants receivable are reviewed for collectability and an allowance for doubtful accounts is recorded based on management's judgement. Management believes no allowances for doubtful accounts were necessary at June 30, 2021 and 2020.

Grants receivable were for the following as of June 30:

	<u>2021</u>	<u>2020</u>
Demonstration schools - general	\$ 104,952	\$ -
Expansion of network school program	2,000	-
Farm stand at Public School 216	10,000	-
General operating	-	49,500
Partner schools - general	-	5,000
Food justice programming at Public School 7	-	5,000
	<u>\$ 116,952</u>	<u>\$ 59,500</u>

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 4 – Property, Equipment and Website Development Costs

Property, equipment and website development costs consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 29,110	\$ 29,110
Furniture and fixtures	28,653	28,653
Website development costs	<u>12,000</u>	<u>12,000</u>
	69,763	69,763
Less: accumulated depreciation and amortization	<u>55,010</u>	<u>45,837</u>
	<u><u>\$ 14,753</u></u>	<u><u>\$ 23,926</u></u>

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 amounted to \$9,173 and \$10,088, respectively.

Note 5 – Net Assets – With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes or periods at June 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Recycling programming at Public School 7	\$ 4,875	\$ 4,875
Community programs at Public School 216	58,384	-
Purchase of equipment for P.S. 7	3,566	-
Purchase of garden infrastructure equipment	10,000	-
Grow to Learn at P.S. 311	<u>295</u>	<u>-</u>
Total subject to expenditure for specified purpose	<u>77,120</u>	<u>4,875</u>
Subject to the passage of time:		
Demonstration Schools - general	50,000	-
Board member pledges	120,000	25,000
Expansion of Network Schools program	<u>-</u>	<u>122,135</u>
Total subject to the passage of time	<u>170,000</u>	<u>147,135</u>
Total net assets with donor restrictions:	<u><u>\$ 247,120</u></u>	<u><u>\$ 152,010</u></u>

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 5 – Net Assets – With Donor Restrictions (continued)

Releases from donor restricted net assets for the years ended June 30, 2021 and 2020 were for the following:

	<u>2021</u>	<u>2020</u>
Net assets released from restrictions:		
Subject to expenditure for specified purposes:		
Hybrid learning	\$ 195,000	\$ -
Community programs at Public School 216	51,568	50,000
Programming at Public School 7	15,434	-
Grow to Learn at P.S. 311	1,705	-
Emergency food for families and children	15,000	-
Edible education expansion	-	150,000
Staff salaries	-	50,000
Network Schools - general	-	30,000
Demonstration Schools - general	-	165,000
Farm stand at Public School 216	-	10,211
Food justice programming at Public School 7	-	9,500
Purchase of computer and equipment	-	6,900
Recycling programming at Public School 7	-	125
	<u>278,707</u>	<u>471,736</u>
Total subject to expenditure for specified purposes		
Subject to the passage of time:		
Expansion of Network Schools program in Brooklyn	122,135	116,675
Board member pledges	20,000	-
Development of volunteer program for Network Schools	-	52,576
Bronx Healthy Schools Initiative	-	42,783
Expansion of professional development program	-	25,000
Partner schools - general	-	5,000
	<u>142,135</u>	<u>242,034</u>
Total subject to the passage of time		
Total net assets released from restrictions	<u><u>\$ 420,842</u></u>	<u><u>\$ 713,770</u></u>

Note 6 – Government Grants

Government grant income amounted to \$64,952 and \$15,000 for the years ended June 30, 2021 and 2020, respectively, and is included in donations in the statement of activities. The government grants for year ended June 30, 2021 were received from the New York State Department of Agriculture and Markets and The Council of the City of New York.

Note 7 – Commitments

The Organization leased office space under a non-cancelable lease which was due to expire in December 2021, but was renewed on a month-to-month basis. The total minimum annual lease payments, exclusive of escalations for taxes and other operating expenses, amounted to \$8,820 for the year ended June 30, 2022.

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 8 – Contributed Goods and Services

Contributed goods and services for the years ended June 30, 2021 and 2020 amounting to \$93,470 and \$155,634, respectively, were used to support the following:

	<u>2021</u>			<u>Total</u>
	<u>Program</u> <u>Expenses</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Functional</u> <u>Expenses</u>
Plants, food and other supplies	\$ 24,014	\$ -	\$ -	\$ 24,014
Office rent	-	52,920	-	52,920
Benefit event supplies	-	-	4,636	4,636
Professional fees	-	11,900	-	11,900
	<u>\$ 24,014</u>	<u>\$ 64,820</u>	<u>\$ 4,636</u>	<u>\$ 93,470</u>

	<u>2020</u>			<u>Total</u>
	<u>Program</u> <u>Expenses</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Functional</u> <u>Expenses</u>
Plants, food and other supplies	\$ 21,025	\$ -	\$ -	\$ 21,025
Office rent	-	52,920	-	52,920
Benefit event auction items	-	-	18,450	18,450
Benefit event supplies	-	-	22,939	22,939
Professional fees	-	40,300	-	40,300
	<u>\$ 21,025</u>	<u>\$ 93,220</u>	<u>\$ 41,389</u>	<u>\$ 155,634</u>

Note 9 – Special Events

Special events generate revenue for the Organization as well as raise awareness about the Organization's mission. Some events are annual and some are incidental to the Organization's central activities and do not happen regularly. Incidental events are recorded in the accompanying Statement of Activities. There were no special events held during the year ended June 30, 2021 due to COVID-19.

	<u>2021</u>	<u>2020</u>
Revenue	\$ -	\$ 592,450
Less: Costs of direct benefit to donors	<u>-</u>	<u>(11,600)</u>
Revenue, net of direct benefit to donors	-	580,850
Event expenses	<u>-</u>	<u>(64,395)</u>
Increase in net assets without donor restrictions	<u>\$ -</u>	<u>\$ 516,455</u>

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 10 – SBA Loans

On April 6, 2020, the Organization obtained a \$303,655 loan from JP Morgan Chase Bank N.A. ("Loan") pursuant to the Paycheck Protection Program ("PPP") under the CARES Act, as administered by the U.S. Small Business Administration ("SBA"). In accordance with the PPP and the SBA, the Loan was available to fund designated expenses ("qualifying expenses"). In addition, up to the entire amount of the funded Loan's principal and accrued interest was eligible to be fully or partially forgiven to the extent the Loan proceeds were used for qualifying expenses during specified time periods, and the Organization met certain other qualitative and quantitative thresholds (collectively, "qualifying criteria"). On June 5, 2020, the PPP Flexibility Act ("Flexibility Act") was signed into law, which amended the qualifying criteria.

In July 2021, management submitted their application for complete forgiveness and on August 4, 2021, the Organization received notification from the SBA that the application was approved and the \$303,655 Loan was considered to be fully forgiven.

An enterprise can record the cash inflow from the PPP loan as a deferred income liability and then reduce such liability by the amount of the forgiveness of the Loan (the "deferred income liability method"). The offset of the liability is to be reflected in other income over the time period the qualifying expenses were incurred.

Management has determined that the PPP loan should be accounted for under the deferred income liability method. By June 30, 2021, the Company reduced the PPP deferred income liability of \$303,655 (leaving a Loan balance remaining of \$-0- as of that date) and recorded other income for the same amount.

In December 2020, the CARES Act was further amended by the Economic Aid Act ("EAA"). The EAA allows certain enterprises that previously received a PPP Loan, to apply for a "Second Draw" PPP Loan that contains similar general forgiveness terms as the original PPP Loan. However, the Second Draw contains additional qualifying criteria, such as that an organization must be able to demonstrate that they experienced a 25 percent reduction in gross receipts (as defined by the SBA) in a 2020 calendar quarter compared to the same quarter in 2019. The Organization applied for \$308,832 in Second Draw PPP and received funding in February 2021.

In November 2021, management submitted their application for complete forgiveness and on December 14, 2021, the Organization received notification from the SBA that the application was approved and the \$308,832 Loan was considered to be fully forgiven.

The Second Draw PPP loan is also being accounting for under the deferred income liability method. By June 30, 2021, the Company reduced the PPP deferred income liability of \$308,832 (leaving a Loan balance remaining of \$-0- as of that date) and recorded other income for the same amount.

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2021 and 2020

Note 11 – Liquidity

As part of its liquidity management, the Organization established a goal to maintain financial assets on hand to meet 90 days of normal operating expenses. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization does not have a line of credit available to assist with liquidity management.

The Organization's financial assets available within one year of the balance sheet date to fund expenses without limitations are:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,115,525	\$ 1,107,019
Contributions receivable, net	149,698	56,300
Grants receivable	<u>116,952</u>	<u>59,500</u>
 Total financial assets	 1,382,175	 1,222,819
 Less: those unavailable for general expenditures within one year due to purpose restrictions	 <u>(247,120)</u>	 <u>(152,010)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 1,135,055</u></u>	 <u><u>\$ 1,070,809</u></u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures through utilizing donor-restricted resources released from restrictions from current and prior years. The statement of cash flows identifies the sources and uses of the Organization's cash and shows cash increases of \$8,506 and \$136,244 for the years ended June 30, 2021 and 2020, respectively.

Note 12 – Risks and Uncertainties

The Organization is dependent upon contributions for its revenue. Future contributions cannot be assured, as the Organization is subject to various risk factors including economic conditions, income tax implications to donors, the effects of competition from similar organizations, and the ability to generate new and retain existing donors.

COVID-19 continues to adversely impact the United States and many other parts of the world. Accordingly, the Organization experienced reductions in contributions and grants from donors and canceled its main fundraising events. Further, the Organization was forced to limit its program services, as the schools in which the Organization operated, shifted to a hybrid model (remote and in-person instruction). There could be even more significant adverse impacts on the Organization's activities as it is impossible to predict the effect the coronavirus will have on the economy. To help minimize adverse impacts of the coronavirus pandemic, the Organization implemented various short-term cost reductions and focused on cultivating other fundraising sources.