

EDIBLE SCHOOLYARD NYC
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

GETTRYMARCUS



Edible Schoolyard NYC

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Years Ended June 30, 2020 and 2019

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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, 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.

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, 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.

Gettry Marcus CPA, P.C.

Gettry Marcus CPA, P.C.
New York, New York
March 10, 2021

Edible Schoolyard NYC
Statement of Financial Position
June 30, 2020

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

Edible Schoolyard NYC
Statement of Financial Position
June 30, 2019

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 758,741	\$ 212,034	\$ 970,775
Contributions receivable, net	68,865	-	68,865
Grants receivable	-	151,635	151,635
Prepaid expenses and other assets	<u>12,862</u>	<u>-</u>	<u>12,862</u>
Total current assets	<u>840,468</u>	<u>363,669</u>	<u>1,204,137</u>
Other assets			
Property, equipment and website development costs, net	34,014	-	34,014
Security deposit	<u>1,102</u>	<u>-</u>	<u>1,102</u>
Total other assets	<u>35,116</u>	<u>-</u>	<u>35,116</u>
Total assets	<u><u>\$ 875,584</u></u>	<u><u>\$ 363,669</u></u>	<u><u>\$ 1,239,253</u></u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	<u>\$ 15,023</u>	<u>\$ -</u>	<u>\$ 15,023</u>
Net assets			
Without donor restrictions	860,561	-	860,561
With donor restrictions	<u>-</u>	<u>363,669</u>	<u>363,669</u>
Total net assets	<u>860,561</u>	<u>363,669</u>	<u>1,224,230</u>
Total liabilities and net assets	<u><u>\$ 875,584</u></u>	<u><u>\$ 363,669</u></u>	<u><u>\$ 1,239,253</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	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

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

Edible Schoolyard NYC
Statement of Activities
Year Ended June 30, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support			
Donations	\$ 901,282	\$ 604,166	\$ 1,505,448
Contributed goods and services	145,529	-	145,529
Special benefit events	1,071,406	-	1,071,406
Less: Direct benefit expenses paid	(325,000)	-	(325,000)
Less: Direct benefit expenses donated	(67,443)	-	(67,443)
Total support	1,725,774	604,166	2,329,940
Other revenues (expenses)			
Program income	43,827	750	44,577
Other income	6,434	-	6,434
Interest income	39	-	39
Bad debt expense	(57,398)	-	(57,398)
Loss on abandonment of property and equipment	(2,714)	-	(2,714)
Total other revenues (expenses)	(9,812)	750	(9,062)
Net assets released from restrictions	354,800	(354,800)	-
Total support and revenues	2,070,762	250,116	2,320,878
Functional expenses			
Program services:			
Public School 216	431,137	-	431,137
Public School 7	392,887	-	392,887
Network schools	349,005	-	349,005
Partner schools	97,126	-	97,126
Program evaluation	73,883	-	73,883
Program expansion and development	35,887	-	35,887
Professional development	95,149	-	95,149
Total program services	1,475,074	-	1,475,074
Supporting services			
Administration	204,748	-	204,748
Development	503,700	-	503,700
Total supporting services	708,448	-	708,448
Total functional expenses	2,183,522	-	2,183,522
Increase (decrease) in net assets	(112,760)	250,116	137,356
Net assets - Beginning of year	973,321	113,553	1,086,874
Net assets - End of year	\$ 860,561	\$ 363,669	\$ 1,224,230

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	Administration	Development	Total Supporting Services	
Salaries	\$ 314,240	\$ 280,078	\$ 261,363	\$ 55,527	\$ 71,894	\$ 34,853	\$ 73,102	\$ 1,091,057	\$ 51,482	\$ 332,360	\$ 383,842	\$ 1,474,899
Payroll taxes and employee benefits	74,304	66,018	57,210	12,428	10,253	3,565	15,208	238,986	9,630	60,969	70,599	309,585
Total salaries and related expenses	388,544	346,096	318,573	67,955	82,147	38,418	88,310	1,330,043	61,112	393,329	454,441	1,784,484
Facility services	-	-	-	-	-	-	-	-	77,679	-	77,679	77,679
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	675	4,710	10,590
Postage and shipping	-	-	-	-	20	-	-	20	220	1,293	1,513	1,533
Office expense and supplies	904	988	1,143	-	24	-	187	3,246	1,768	497	2,265	5,511
Permits and fees	118	253	270	-	-	-	-	641	645	630	1,275	1,916
Consulting and professional fees	6,076	5,580	37,508	837	1,757	4,018	1,275	57,051	72,217	157,456	229,673	286,724
Printing and copying	-	-	-	-	-	-	-	-	137	5,767	5,904	5,904
Books, subscriptions and software	432	-	40	-	420	-	-	892	2,158	4,228	6,386	7,278
Computer support and expenses	213	1,208	1,580	-	1,701	-	-	4,702	1,829	1,412	3,241	7,943
Conferences and staff development	463	1,394	381	-	1,042	8,190	-	11,470	-	157	157	11,627
Advertising	-	-	-	-	-	-	-	-	25	86	111	111
Insurance	4,568	2,756	9,190	1,021	425	214	472	18,646	5,614	2,145	7,759	26,405
Travel	403	526	7,268	-	127	1,881	69	10,274	6,938	217	7,155	17,429
Meals and entertainment	147	147	-	-	42	4,355	25	4,716	362	2,190	2,552	7,268
Bank and credit card charges	-	-	-	-	-	-	-	-	1,106	6,987	8,093	8,093
Total expenses before depreciation and amortization	420,544	375,385	406,555	73,469	87,705	57,916	90,453	1,512,027	235,845	577,069	812,914	2,324,941
Depreciation and amortization	-	165	755	-	264	-	-	1,184	8,119	785	8,904	10,088
Total expenses	\$ 420,544	\$ 375,550	\$ 407,310	\$ 73,469	\$ 87,969	\$ 57,916	\$ 90,453	\$ 1,513,211	\$ 243,964	\$ 577,854	\$ 821,818	\$ 2,335,029

Edible Schoolyard NYC
Statement of Functional Expenses
Year Ended June 30, 2019

	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	\$ 315,358	\$ 285,659	\$ 206,728	\$ 37,937	\$ 51,278	\$ 4,813	\$ 76,884	\$ 978,657	\$ 42,347	\$ 342,504	\$ 384,851	\$ 1,363,508
Payroll taxes and employee benefits	70,662	62,754	42,258	9,237	5,077	625	15,064	205,677	9,098	61,460	70,558	276,235
Total salaries and related expenses	386,020	348,413	248,986	47,174	56,355	5,438	91,948	1,184,334	51,445	403,964	455,409	1,639,743
Facility services	-	-	-	-	-	-	-	-	76,781	-	76,781	76,781
Program supplies	22,663	23,766	37,500	14,588	-	-	94	98,611	-	-	-	98,611
Communications	1,715	3,073	-	-	-	840	-	5,628	3,779	600	4,379	10,007
Postage and shipping	-	-	-	-	-	-	-	-	391	1,977	2,368	2,368
Office expense and supplies	1,561	1,604	888	752	317	289	719	6,130	3,451	909	4,360	10,490
Permits and fees	3,552	672	624	345	280	354	-	5,827	275	1,251	1,526	7,353
Consulting and professional fees	6,099	6,111	40,924	22,117	13,213	11,900	1,174	101,538	42,168	61,679	103,847	205,385
Printing and copying	-	-	-	-	-	-	-	-	240	6,820	7,060	7,060
Books, subscriptions and software	-	-	45	334	2,623	-	-	3,002	1,984	2,727	4,711	7,713
Computer support and expenses	198	1,875	1,647	200	184	2,839	-	6,943	3,554	1,347	4,901	11,844
Conferences and staff development	1,273	1,291	69	79	-	8,948	-	11,660	245	237	482	12,142
Advertising	363	230	663	135	-	-	-	1,391	94	2,052	2,146	3,537
Insurance	6,010	4,214	8,499	6,083	411	-	756	25,973	4,382	3,738	8,120	34,093
Travel	1,191	992	8,194	2,977	62	440	398	14,254	255	946	1,201	15,455
Meals and entertainment	491	479	204	2,342	174	4,839	60	8,589	843	1,878	2,721	11,310
Bank and credit card charges	1	2	7	-	-	-	-	10	1,358	12,790	14,148	14,158
Total expenses before depreciation and amortization	431,137	392,722	348,250	97,126	73,619	35,887	95,149	1,473,890	191,245	502,915	694,160	2,168,050
Depreciation and amortization	-	165	755	-	264	-	-	1,184	13,503	785	14,288	15,472
Total expenses	\$ 431,137	\$ 392,887	\$ 349,005	\$ 97,126	\$ 73,883	\$ 35,887	\$ 95,149	\$ 1,475,074	\$ 204,748	\$ 503,700	\$ 708,448	\$ 2,183,522

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

Edible Schoolyard NYC
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (291,004)	\$ 137,356
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,088	15,472
Loss on abandonment of property and equipment	-	2,714
Bad debt expense	14,905	57,398
(Increase) decrease in operating assets:		
Contributions receivable	(2,340)	87,311
Grants receivable	92,135	(66,635)
Prepaid expenses and other assets	(18,218)	(2,071)
Security deposit	(2,000)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	29,023	(7,707)
Total adjustments	<u>123,593</u>	<u>86,482</u>
Net cash provided by (used in) operating activities	(167,411)	223,838
Cash flows from investing activity		
Capitalized website development costs	-	(12,000)
Cash flows from financing activity		
Proceeds from SBA loan	303,655	-
Net increase in cash	136,244	211,838
Cash - Beginning of year	<u>970,775</u>	<u>758,937</u>
Cash - End of year	<u>\$ 1,107,019</u>	<u>\$ 970,775</u>

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2020 and 2019

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, Professional Development, Program Evaluation and Expansion. In addition, in September 2018, the Organization merged with the Bubble Foundation (“Bubble”), a nonprofit organization with similar strategic initiatives and the separate existence of Bubble ceased. The Partner Schools program was created from Bubble programmatic efforts. 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, 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 & Global Tech in East Harlem. 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 to learn the tools and curriculum to incorporate edible education into their own classrooms. Programs are offered for continuing education credits for New York City public school teachers, as well as non-credit multi-week, day-long and afterschool sessions. 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, 2020 and 2019

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 South Bronx and Central 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 supported by one or two Edible Schoolyard NYC staff members.

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 so will work with five network schools in 2020-21.

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, 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 are now 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 will receive meaningful nutrition and wellness education. The Organization supports 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, 2020 and 2019

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
- Distributed fresh food to 330 people to cook and eat at home
- Shared 300 hot meals from local restaurants with the school community

In addition, professional development workshops went fully virtual in March 2020, and the Organization trained almost 500 educators who reached over 500,000 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, 2020 and 2019

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 and \$19,095 as of June 30, 2020 and 2019, respectively. Bad debt expense amounted to \$14,905 and \$57,398 for the years ended June 30, 2020 and 2019.

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

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (continued)

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, 2020 and 2019.

In-Kind Contributions

During the years ended June 30, 2020 and 2019 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.

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Notes to Financial Statements
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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, 2020 and 2019.

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 \$111 and \$3,537 for the years ended June 30, 2020 and 2019, respectively.

Union Recognition and Collective Bargaining Agreements

In January 2020, the Organization voluntarily recognized a union seeking to represent the employees. The bargaining unit includes program staff, but excludes development staff and all executive staff. The Organization entered into a collective bargaining agreement in September 2020 with the union for a one-year term. The agreement does not include any financial considerations, but covers certain work rules and procedural terms. A new collective bargaining agreement will be negotiated prior to its expiration in September 2021.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 10, 2021, 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.

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 was to be effective for annual

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Note 2 – Summary of Significant Accounting Policies (continued)

periods beginning after December 15, 2018 (for private entities), but such effective date was recently postponed by FASB to annual periods commencing after December 15, 2019. Entities can 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 not determined what impact the adoption of this ASU will have, if any, 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.

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 Organization adopted the resource recipient portion of this ASU for the year ended December 31, 2019, and this accounting guidance did not have a material effect on the Organization's financial statements. Management is in the process of assessing the impact of the resource provider portion of this ASU on the financial statements.

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

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June 30, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (continued)

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, 2020 and 2019.

Grants receivable were for the following as of June 30:

	<u>2020</u>	<u>2019</u>
General operating	\$ 49,500	\$ -
Partner schools - general	5,000	-
Food justice programming at Public School 7	5,000	4,500
Expansion of network school program	-	122,135
Expansion of professional development program	-	25,000
	<u>\$ 59,500</u>	<u>\$ 151,635</u>

Note 4 – Property, Equipment and Website Development Costs

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

	<u>2020</u>	<u>2019</u>
Equipment	\$ 29,110	\$ 29,110
Furniture and fixtures	28,653	28,653
Website development costs	12,000	12,000
	69,763	69,763
Less: accumulated depreciation and amortization	45,837	35,749
	<u>\$ 23,926</u>	<u>\$ 34,014</u>

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Notes to Financial Statements
June 30, 2020 and 2019

Note 4 – Property, Equipment and Website Development Costs (continued)

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 amounted to \$10,088 and \$15,472, respectively. In addition, during the year ended June 30, 2019, the Organization disposed of property, equipment and website development costs with a cost of \$43,708 and accumulated depreciation and amortization of \$40,994, which resulted in a loss on abandonment of fixed assets of \$2,714.

Note 5 – Net Assets – With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes or periods at June 30, 2020:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Recycling programming at Public School 7	\$ 4,875	\$ -
Volunteer program for Network Schools	-	52,576
Bronx Healthy Schools Initiative	-	42,783
Food justice programming at Public School 7	-	4,500
Total subject to expenditure for specified purpose	4,875	99,859
Subject to the passage of time:		
Expansion of Network Schools program	122,135	238,810
Board member pledges	25,000	-
Expansion of professional development program	-	25,000
Total subject to the passage of time	147,135	263,810
Total net assets with donor restrictions:	\$ 152,010	\$ 363,669

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

	<u>2020</u>	<u>2019</u>
Net assets released from restrictions:		
Subject to expenditure for specified purposes:		
Edible education expansion	\$ 150,000	\$ -
Community programs at Public School 216	50,000	-
Staff salaries	50,000	-
Network Schools - general	30,000	50,000
Network Schools - expansion	-	20,750
Demonstration Schools - general	165,000	65,000
Farm stand at Public School 216	10,211	-
Food justice programming at Public School 7	9,500	-
Purchase of computer and equipment	6,900	16,740
Recycling programming at Public School 7	125	15,313
Garden project at Partner Schools	-	2,000
Total subject to expenditure for specified purposes	471,736	169,803

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>
Net assets released from restrictions:		
Subject to the passage of time:		
Expansion of Network Schools program in Brooklyn	116,675	-
Development of volunteer program for Network Schools	52,576	7,424
Bronx Healthy Schools Initiative	42,783	7,217
Expansion of professional development program	25,000	25,000
Partner schools - general	5,000	75,356
Network Schools - general	-	50,000
General operating support	-	20,000
Total subject to the passage of time	242,034	184,997
Total net assets released from restrictions	<u><u>\$ 713,770</u></u>	<u><u>\$ 354,800</u></u>

Note 6 – Government Grants

Government grant income amounted to \$15,000 and \$0 for the years ended June 30, 2020 and 2019, respectively, and is included in donations in the statement of activities. The government grants for year ended June 30, 2020 were received from the New York State Department of Environmental Conservation and The Council of the City of New York.

Note 7 – Commitments

The Organization leases office space under a non-cancelable lease that expires in December 2021. The total minimum annual lease payments, exclusive of escalations for taxes and other operating expenses, amounted to the following for the years ended June 30:

<u>Year Ending June 30,</u>	
2021	\$ 17,640
2022	8,820
	<u><u>\$ 26,460</u></u>

Note 8 – Contributed Goods and Services

Contributed goods and services for the years ended June 30, 2020 and 2019 amounting to \$155,634 and \$145,529, respectively, were used to support the following:

	<u>2020</u>			<u>Total</u>
	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Functional</u>
	<u>Expenses</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><u>\$ 21,025</u></u>	<u><u>\$ 93,220</u></u>	<u><u>\$ 41,389</u></u>	<u><u>\$ 155,634</u></u>

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Notes to Financial Statements
June 30, 2020 and 2019

Note 8 – Contributed Goods and Services (continued)

	<u>2019</u>			<u>Total</u>
	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Functional</u>
	<u>Expenses</u>			<u>Expenses</u>
Plants, food and other supplies	\$ 25,166	\$ -	\$ -	\$ 25,166
Office rent	-	52,920	-	52,920
Benefit event auction items	-	-	32,118	32,118
Benefit event supplies	-	-	35,325	35,325
	<u>\$ 25,166</u>	<u>\$ 52,920</u>	<u>\$ 67,443</u>	<u>\$ 145,529</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.

	<u>2020</u>	<u>2019</u>
Revenue	\$ 592,450	\$ 1,022,035
Less: Costs of direct benefit to donors	<u>(11,600)</u>	<u>(71,600)</u>
Revenue, net of direct benefit to donors	580,850	950,435
Event expenses	<u>(64,395)</u>	<u>(71,600)</u>
Increase in net assets without donor restrictions	<u>\$ 516,455</u>	<u>\$ 878,835</u>

Note 10 – SBA Loan

On April 6, 2020, the Organization entered into a loan agreement (the "Loan") with JP Morgan Chase Bank, N.A. under the Paycheck Protection Program ("PPP"), which is part of the CARES Act, enacted on March 27, 2020, and administered by the SBA. Under this program, the Organization received aggregate proceeds of \$303,655 from the PPP Loan.

The PPP Loan has a 0.98% interest rate per annum, matures in April 2022, is unsecured and is subject to the terms and conditions applicable to loans administered by the United States Small Business Administration ("SBA") under the PPP. The Loan will accrue interest for the first six months following the loan date (and defer payment of the interest) and, thereafter, will convert to eighteen self-amortizing monthly payments of \$17,084 comprising principal and interest. The first payment of this loan is due in August 2021, which is ten months after the end of the covered period. The Organization intends to use proceeds from the PPP Loan primarily for payroll costs, rent and utilities (the "qualifying expenses"). All or certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization intends to meet the forgiveness requirements of the PPP Loan but there is a performance risk by the Organization that this forgiveness may partially or fully not occur.

Edible Schoolyard NYC
Notes to Financial Statements
June 30, 2020 and 2019

Note 11 – Liquidity

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

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,107,019	\$ 970,775
Contributions receivable, net	56,300	68,865
Grants receivable	<u>59,500</u>	<u>151,635</u>
 Total financial assets	 1,222,819	 1,191,275
 Less: those unavailable for general expenditures within one year due to purpose restrictions	 <u>(152,010)</u>	 <u>(363,669)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 1,070,809</u></u>	 <u><u>\$ 827,606</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 its special benefit events and by 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 positive cash provided by operations of \$136,244 and \$211,838 for the years ended June 30, 2020 and 2019.

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 has adversely impacted 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 event. Further, the Organization was forced to limit its program services, as the schools in which the Organization operated were closed for in-person teaching. 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, requested emergency grants from donors, and applied for and received assistance funds from the SBA under the CARES Act (to provide aid in the form of loans and other potential debt relief options).