

EDIBLE SCHOOLYARD NEW YORK
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

GETTRYMARCUS



Edible Schoolyard New York

Table of Contents

Years Ended June 30, 2022 and 2021

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position – June 30, 2022	3
Statement of Financial Position – June 30, 2021	4
Statement of Activities – Year Ended June 30, 2022	5
Statement of Activities – Year Ended June 30, 2021	6
Statement of Functional Expenses – Year Ended June 30, 2022	7
Statement of Functional Expenses – Year Ended June 30, 2021	8
Statements of Cash Flows	9
Notes to Financial Statements	10-21



Independent Auditor's Report

To the Board of Directors
Edible Schoolyard New York
New York, NY

Opinion

We have audited the accompanying financial statements of Edible Schoolyard New York (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in dark ink that reads "Gettry Marcus CPA, P.C." in a cursive, flowing script.

Gettry Marcus CPA, P.C.
New York, New York
May 25, 2023

Edible Schoolyard New York
Statement of Financial Position
June 30, 2022

	<u>Net Assets</u> <u>Without Donor</u> <u>Restrictions</u>	<u>Net Assets</u> <u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 976,878	\$ 196,847	\$ 1,173,725
Contributions receivable, net	176,726	-	176,726
Grants receivable	259,248	161,680	420,928
Prepaid expenses and other current assets	<u>10,755</u>	<u>-</u>	<u>10,755</u>
Total current assets	<u>1,423,607</u>	<u>358,527</u>	<u>1,782,134</u>
Other assets			
Property, equipment and website development costs, net	8,186	-	8,186
Security deposits	<u>1,802</u>	<u>-</u>	<u>1,802</u>
Total other assets	<u>9,988</u>	<u>-</u>	<u>9,988</u>
Total assets	<u><u>\$ 1,433,595</u></u>	<u><u>\$ 358,527</u></u>	<u><u>\$ 1,792,122</u></u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	<u>\$ 16,642</u>	<u>\$ -</u>	<u>\$ 16,642</u>
Total liabilities	<u>16,642</u>	<u>-</u>	<u>16,642</u>
Net assets			
Without donor restrictions	1,416,953	-	1,416,953
With donor restrictions	<u>-</u>	<u>358,527</u>	<u>358,527</u>
Total net assets	<u>1,416,953</u>	<u>358,527</u>	<u>1,775,480</u>
Total liabilities and net assets	<u><u>\$ 1,433,595</u></u>	<u><u>\$ 358,527</u></u>	<u><u>\$ 1,792,122</u></u>

Edible Schoolyard New York
Statement of Financial Position
June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	<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>
Total liabilities	<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 New York
Statement of Activities
Year Ended June 30, 2022

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Support			
Donations	\$ 1,218,847	\$ 730,604	\$ 1,949,451
Contributed goods and services	117,786	-	117,786
Special event revenue (net of direct expenses)	<u>109,519</u>	<u>-</u>	<u>109,519</u>
Total support	<u>1,446,152</u>	<u>730,604</u>	<u>2,176,756</u>
Other income (expenses)			
Program income	71,382	-	71,382
Investment loss	<u>(18)</u>	<u>-</u>	<u>(18)</u>
Total other income	<u>71,364</u>	<u>-</u>	<u>71,364</u>
Net assets released from restrictions	<u>619,197</u>	<u>(619,197)</u>	<u>-</u>
Total support, other income and reclassifications	<u>2,136,713</u>	<u>111,407</u>	<u>2,248,120</u>
Functional expenses			
Program services:			
Public School 216	384,322	-	384,322
Public School 7	243,856	-	243,856
Network schools	416,366	-	416,366
Partner schools	243	-	243
Program evaluation	83,377	-	83,377
Program expansion and development	841	-	841
Demonstration Schools	5,486	-	5,486
Professional development	<u>74,509</u>	<u>-</u>	<u>74,509</u>
Total program services	<u>1,209,000</u>	<u>-</u>	<u>1,209,000</u>
Supporting services			
Administration	284,800	-	284,800
Development	<u>381,383</u>	<u>-</u>	<u>381,383</u>
Total supporting services	<u>666,183</u>	<u>-</u>	<u>666,183</u>
Total functional expenses	<u>1,875,183</u>	<u>-</u>	<u>1,875,183</u>
Increase in net assets	261,530	111,407	372,937
Net assets - Beginning of year	<u>1,155,423</u>	<u>247,120</u>	<u>1,402,543</u>
Net assets - End of year	<u><u>\$ 1,416,953</u></u>	<u><u>\$ 358,527</u></u>	<u><u>\$ 1,775,480</u></u>

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

**Edible Schoolyard New York
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	<u>93,470</u>	<u>-</u>	<u>93,470</u>
Total support	<u>1,004,066</u>	<u>515,952</u>	<u>1,520,018</u>
Other income (expenses)			
Program income	12,774	-	12,774
SBA PPP loan forgiveness	612,487	-	612,487
Investment income	41	-	41
Bad debt expense	<u>(9,300)</u>	<u>-</u>	<u>(9,300)</u>
Total other income	<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, other income and reclassifications	<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	<u>76,177</u>	<u>-</u>	<u>76,177</u>
Total program services	<u>1,060,490</u>	<u>-</u>	<u>1,060,490</u>
Supporting services			
Administration	219,018	-	219,018
Development	<u>387,195</u>	<u>-</u>	<u>387,195</u>
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 New York
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services									Supporting Services			
	<u>Public School 216</u>	<u>Public School 7</u>	<u>Network Schools</u>	<u>Partner Schools</u>	<u>Program Evaluation</u>	<u>Program Expansion & Development</u>	<u>Demonstration Schools</u>	<u>Professional Development</u>	<u>Total Program Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total Supporting Services</u>	<u>Total Functional Expenses</u>
Salaries	\$ 256,382	\$ 165,628	\$ 245,346	\$ -	\$ 44,757	\$ -	\$ 4,843	\$ 54,981	\$ 771,937	\$ 54,940	\$ 304,726	\$ 359,666	\$ 1,131,603
Payroll taxes and employee benefits	58,027	47,834	52,270	12	13,647	-	518	11,977	184,285	7,189	54,870	62,059	246,344
Total salaries and related expenses	314,409	213,462	297,616	12	58,404	-	5,361	66,958	956,222	62,129	359,596	421,725	1,377,947
Facility services	-	-	-	-	-	-	-	-	-	75,420	-	75,420	75,420
Program supplies	59,308	19,230	73,311	-	20	-	-	-	151,869	6,002	-	6,002	157,871
Communications	1,251	2,917	-	-	-	820	70	-	5,058	4,489	550	5,039	10,097
Postage and shipping	-	-	-	-	-	-	-	-	-	397	292	689	689
Office expense and supplies	-	36	209	-	-	-	-	-	245	2,230	1	2,231	2,476
Permits and fees	-	-	-	-	-	-	-	-	-	1,458	-	1,458	1,458
Consulting and professional fees	4,604	4,056	33,005	150	22,953	-	34	6,977	71,779	93,814	10,037	103,851	175,630
Printing and copying	-	-	-	-	-	-	-	-	-	2,334	446	2,780	2,780
Books, subscriptions and software	50	-	-	-	1,443	-	-	-	1,493	6,327	3,913	10,240	11,733
Computer support and expenses	70	-	-	-	-	-	-	-	70	10,096	268	10,364	10,434
Conferences and staff development	-	-	-	-	350	-	-	-	350	351	84	435	785
Advertising	-	-	-	-	-	-	-	-	-	1,741	100	1,841	1,841
Insurance	4,161	3,128	7,717	81	-	-	-	524	15,611	10,334	2,232	12,566	28,177
Travel	453	751	3,851	-	9	21	21	50	5,156	1,212	245	1,457	6,613
Meals and entertainment	16	145	132	-	-	-	-	-	293	543	791	1,334	1,627
Bank and credit card charges	-	-	-	-	-	-	-	-	-	210	2,828	3,038	3,038
Total expenses before depreciation and amortization	384,322	243,725	415,841	243	83,179	841	5,486	74,509	1,208,146	279,087	381,383	660,470	1,868,616
Depreciation and amortization	-	131	525	-	198	-	-	-	854	5,713	-	5,713	6,567
Total expenses	<u>\$ 384,322</u>	<u>\$ 243,856</u>	<u>\$ 416,366</u>	<u>\$ 243</u>	<u>\$ 83,377</u>	<u>\$ 841</u>	<u>\$ 5,486</u>	<u>\$ 74,509</u>	<u>\$ 1,209,000</u>	<u>\$ 284,800</u>	<u>\$ 381,383</u>	<u>\$ 666,183</u>	<u>\$ 1,875,183</u>

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

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

	Program Services								Supporting Services			
	<u>Public School 216</u>	<u>Public School 7</u>	<u>Network Schools</u>	<u>Partner Schools</u>	<u>Program Evaluation</u>	<u>Program Expansion & Development</u>	<u>Professional Development</u>	<u>Total Program Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total Supporting Services</u>	<u>Total Functional Expenses</u>
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 New York
Statements of Cash Flows
Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase in net assets	\$ 372,937	\$ 469,317
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,567	9,173
Bad debt expense	-	9,300
SBA PPP loan forgiveness	-	(612,487)
(Increase) decrease in operating assets:		
Contributions receivable	(27,028)	(102,698)
Grants receivable	(303,976)	(57,452)
Prepaid expenses and other current assets	(4,410)	24,735
Security deposits	(700)	2,000
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	14,810	(42,214)
Total adjustments	<u>(314,737)</u>	<u>(769,643)</u>
Net cash provided by (used in) operating activities	58,200	(300,326)
Cash flows from financing activity		
Proceeds from SBA loan	<u>-</u>	<u>308,832</u>
Net increase in cash and cash equivalents	58,200	8,506
Cash and cash equivalents - Beginning of year	<u>1,115,525</u>	<u>1,107,019</u>
Cash and cash equivalents - End of year	<u><u>\$ 1,173,725</u></u>	<u><u>\$ 1,115,525</u></u>

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2022 and 2021**

Note 1 – Summary of Organization and Nature of Activities

Organization and Nature of Activities

Edible Schoolyard New York (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 and Program Evaluation. The Organization also tracks progress against its outcome goals through Program Evaluation. In June 2022, the Organization approved a new strategic plan that went into effect as of July 1, 2022. This strategic plan provides growth and impact goals with supporting strategies to implement them.

Demonstration Schools

Demonstration schools are sites where Edible Schoolyard New York 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 New York
Notes to Financial Statements
June 30, 2022 and 2021**

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"). The organization worked with five network schools in 2021-2022, three in Brooklyn and two in the Bronx.

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 New York
Notes to Financial Statements
June 30, 2022 and 2021**

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

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 accounting principles generally accepted 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.

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.

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2022 and 2021**

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid instruments readily convertible to known amounts of cash, with an initial maturity of three months or less, to be cash equivalents. 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. As of June 30, 2022 and 2021, the Organization had approximately \$745,000 and \$864,000 in deposits in excess of FDIC limits, respectively. 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 or grants receivable. The allowance for doubtful accounts was \$4,000 as of June 30, 2022 and 2021. Bad debt expense amounted to \$0 and \$9,300 for the years ended June 30, 2022 and 2021, respectively.

Financial Instruments

The Organization's financial instruments include cash and cash equivalents, contributions receivable, grants receivable, and accounts payable and accrued expenses. The carrying amounts of cash and cash equivalents, contributions receivable, grants receivable and accounts payable and accrued expenses approximates their fair values due to their short-term duration.

Property, Equipment and Website Development Costs and Depreciation Methods

Property, equipment and website development additions exceeding \$1,500 are capitalized and 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 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

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, 2022 and 2021.

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2022 and 2021**

Note 2 – Summary of Significant Accounting Policies (continued)

In-Kind Contributions

During the years ended June 30, 2022 and 2021 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.

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 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 it 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.

Special Events

Gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue as well as payments of the direct cost of the benefit received by the attendee at the event. Special event revenue is reported net of any direct benefit to donors. Special event revenue applicable to the current year is recognized as revenue in the year the special event takes place. Special event revenue for a future year is deferred and recognized in the period in which the event takes place. There was no deferred special event revenue for the years ending June 30, 2022 and 2021.

Accounting Standards Update ("ASU")

The Organization has reviewed recently issued ASUs by the Financial Accounting Standards Board ("FASB") and based on that review, has determined that those ASUs, with the exceptions below, will not have a significant effect on the Organization's 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 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. The Organization adopted this ASU and the adoption had no impact on its financial statements.

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2022 and 2021**

Note 2 – Summary of Significant Accounting Policies (continued)

Functional Expenses and Allocation Method

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions. 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 the basis of estimated time and effort.

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, 2022 and 2021.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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, estimated lives on property, equipment, and website development costs and expense allocations.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$1,841 and \$1,287 for the years ended June 30, 2022 and 2021, 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, 2024.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 25, 2023, the date the financial statements were available to be issued.

Edible Schoolyard New York
Notes to Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Expansion of network school program	\$ 434	\$ 2,000
Farm stand at Public School 216	-	10,000
Demonstration schools-General	49,952	104,952
Food education and food processing	50,000	-
Strategic Planning	125,000	-
Food justice programming	15,542	-
General spending	170,000	-
Garden	10,000	-
Total grants receivable	<u>\$ 420,928</u>	<u>\$ 116,952</u>

Note 4 – Property, Equipment and Website Development Costs

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

	<u>2022</u>	<u>2021</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	<u>61,577</u>	<u>55,010</u>
	<u>\$ 8,186</u>	<u>\$ 14,753</u>

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to 6,567 and \$9,173, respectively.

Edible Schoolyard New York
Notes to Financial Statements
June 30, 2022 and 2021

Note 5 – Government Grants

Government grant income amounted to \$116,104 and \$64,952 for the years ended June 30, 2022 and 2021, respectively, and is included in donations in the statement of activities. The government grants for the year ended June 30, 2022 were received from the New York State Department of Agriculture and Markets, The Council of the City of New York, United States Department of Agriculture Food and Nutrition Service and Mayor's Fund Building Health Communities. Government grants for the 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 6 – Net Assets – With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Recycling programming at Public School 7	\$ 12,038	\$ 4,875
Community programs at Public School 216	23,746	58,384
Demonstration Schools - general	25,000	-
SEL (Social-Emotional Learning) Program	22,000	3,566
Garden infrastructure	20,000	10,000
Program staff salaries	3,318	-
Strategic planning	167,425	-
Grow to Learn at P.S. 311	-	295
Total subject to expenditure for specified purpose	273,527	77,120
Subject to the passage of time:		
Demonstration Schools - general	-	50,000
Board member pledges	-	120,000
Expansion of Network Schools program	85,000	-
Total subject to the passage of time	85,000	170,000
Total net assets with donor restrictions	\$ 358,527	\$ 247,120

Edible Schoolyard New York
Notes to Financial Statements
June 30, 2022 and 2021

Note 6 – Net Assets – With Donor Restrictions (continued)

Releases from donor restricted net assets for the years ended June 30, 2022 and 2021 were for the following:

	<u>2022</u>	<u>2021</u>
Net assets released from restrictions:		
Subject to expenditure for specified purposes:		
Program staff salaries	\$ 21,682	\$ 195,000
Community programs at Public School 216	89,638	51,568
Programming at Public School 7	28,528	15,434
Grow to Learn at P.S. 311	295	1,705
Emergency food for families and children	-	15,000
SEL (Social-Emotional Learning) program	3,000	-
Strategic planning	82,575	-
Garden infrastructure	12,500	-
Demonstration Schools - general	35,000	-
Compost System at Public School 216	50,000	-
Food education & access programming	50,000	-
Recycling programming at Public School 7	4,875	-
	<u>378,093</u>	<u>278,707</u>
Total subject to expenditure for specified purposes		
	<u>378,093</u>	<u>278,707</u>
Subject to the passage of time:		
Expansion of Network Schools program in Brooklyn	71,104	122,135
Board member pledges	120,000	20,000
Demonstration School Model support	50,000	-
	<u>241,104</u>	<u>142,135</u>
Total subject to the passage of time		
	<u>241,104</u>	<u>142,135</u>
Total net assets released from restrictions	<u><u>\$ 619,197</u></u>	<u><u>\$ 420,842</u></u>

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 until June 30, 2022. Effective June 29, 2022, the Organization entered into a month-to-month licensing agreement for new office space. The license agreement calls for a monthly fee of \$600 per month until the agreement is terminated. The agreement may be terminated at any time, with one month's written notice by the Licensor or two month's written notice by the Licensee.

Edible Schoolyard New York
Notes to Financial Statements
June 30, 2022 and 2021

Note 8 – 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. Due to COVID-19, for the year ending June 30, 2021, the Organization was unable to host in-person events. During the year ended June 30, 2022, changes in net assets without donor restrictions related to the special events are as follows:

	<u>2022</u>
Revenue	\$ 144,835
Less: Event expenses	<u>(35,316)</u>
Revenue, net of direct expenses	<u><u>\$ 109,519</u></u>

Note 9 – Contributed Goods and Services

Contributed goods and services for the years ended June 30, 2022 and 2021 amounting to \$117,786 and \$93,470, respectively, were used to support the following:

	<u>2022</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	\$ 64,866	\$ -	\$ -	\$ 64,866
Office rent	-	52,920	-	52,920
	<u><u>\$ 64,866</u></u>	<u><u>\$ 52,920</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 117,786</u></u>

	<u>2021</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	\$ 24,014	\$ -	\$ -	\$ 24,014
Office rent	-	52,920	-	52,920
Benefit event supplies	-	-	4,636	4,636
Professional fees	-	11,900	-	11,900
	<u><u>\$ 24,014</u></u>	<u><u>\$ 64,820</u></u>	<u><u>\$ 4,636</u></u>	<u><u>\$ 93,470</u></u>

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

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2022 and 2021**

thresholds (collectively, “qualifying criteria”). On June 5, 2020, the PPP Flexibility Act (“Flexibility Act”) was signed into law, which amended the qualifying criteria.

Note 10 – SBA Loans (continued)

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 accounted 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.

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.

Edible Schoolyard New York
Notes to Financial Statements
June 30, 2022 and 2021

Note 11 – Liquidity (continued)

The Organization's financial assets available within one year of the statement of financial position date for general expenditures, without limitations, for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,173,725	\$ 1,115,525
Contributions receivable, net	176,726	149,698
Grants receivable	<u>420,928</u>	<u>116,952</u>
Financial assets at year end	1,771,379	1,382,175
Less: those unavailable for general expenditures within one year due to donor restrictions	<u>(358,527)</u>	<u>(247,120)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,412,852</u></u>	<u><u>\$ 1,135,055</u></u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the statement of financial position date. 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 cash equivalents and shows cash increases of \$58,200 and \$8,506 for the years ended June 30, 2022 and 2021, 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.

There are various direct and indirect risks that could impact the Organization, such as a potential global economic slowdown, inflationary pressures, the pandemic, and more. It is also impossible to predict the effect these will have on the Organization's donors, and its impact on the Organization's liquidity, vendors and counter-parties. To help minimize the uncertainty of these items, management continues to explore how to best operate in this environment, including taking advantage of several of the Cares Act and successor act's provisions.