

EDIBLE SCHOOLYARD NEW YORK
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Edible Schoolyard New York

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Year Ended June 30, 2023

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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 statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

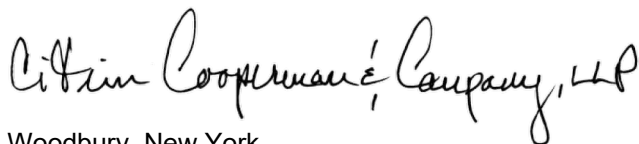
Auditor's Responsibility for the Audit of the Financial Statements

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.



Woodbury, New York
May 13, 2024

Edible Schoolyard New York
Statement of Financial Position
Year Ended June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 520,953	\$ 12,876	\$ 533,829
Investments, at fair value	860,599	-	860,599
Accounts receivable, net	129,719	-	129,719
Grants receivable, net - current portion	117,035	382,965	500,000
Contributions and pledges receivable, net - current portion	55,901	132,500	188,401
Prepaid expenses and other current assets	11,428	-	11,428
Total current assets	1,695,635	528,341	2,223,976
Other assets			
Grants receivable, net - long-term portion	-	311,950	311,950
Contributions and pledges receivable, net - long-term portion	-	25,000	25,000
Property and equipment, net	4,093	-	4,093
Security deposits	1,102	-	1,102
Total other assets	5,195	336,950	342,145
Total assets	\$ 1,700,830	\$ 865,291	\$ 2,566,121
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	\$ 23,998	\$ -	\$ 23,998
Total liabilities	23,998	-	23,998
Net assets			
Without donor restrictions	1,676,832	-	1,676,832
With donor restrictions	-	865,291	865,291
Total net assets	1,676,832	865,291	2,542,123
Total liabilities and net assets	\$ 1,700,830	\$ 865,291	\$ 2,566,121

Edible Schoolyard New York
Statement of Activities
Year Ended June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support			
Donations	\$ 915,100	\$ 671,283	\$ 1,586,383
Government grants	282	345,167	345,449
Bequest	209,408	-	209,408
Contributed goods and services	68,772	-	68,772
Special event revenue (net of direct benefit expenses)	262,007	-	262,007
Total support	<u>1,455,569</u>	<u>1,016,450</u>	<u>2,472,019</u>
Other income			
Program income	157,920	-	157,920
Other income	2,200	-	2,200
Investment income	21,911	-	21,911
Total other income	<u>182,031</u>	<u>-</u>	<u>182,031</u>
Net assets released from restrictions	<u>679,686</u>	<u>(679,686)</u>	<u>-</u>
Total support, other income and reclassifications	<u>2,317,286</u>	<u>336,764</u>	<u>2,654,050</u>
Functional expenses			
Program services:			
Demonstration schools	608,052	-	608,052
Network schools	388,326	-	388,326
Partner schools	1,583	-	1,583
Program evaluation	64,029	-	64,029
Professional development	65,633	-	65,633
Total program services	<u>1,127,623</u>	<u>-</u>	<u>1,127,623</u>
Supporting services			
Administration	296,924	-	296,924
Development	462,860	-	462,860
Total supporting services	<u>759,784</u>	<u>-</u>	<u>759,784</u>
Total functional expenses	<u>1,887,407</u>	<u>-</u>	<u>1,887,407</u>
Increase in net assets	<u>429,879</u>	<u>336,764</u>	<u>766,643</u>
Net assets - beginning of year, as previously reported	1,416,953	358,527	1,775,480
Reclassification of net assets	<u>(170,000)</u>	<u>170,000</u>	<u>-</u>
Net assets - beginning of year, as restated	<u>1,246,953</u>	<u>528,527</u>	<u>1,775,480</u>
Net assets - end of year	<u>\$ 1,676,832</u>	<u>\$ 865,291</u>	<u>\$ 2,542,123</u>

See notes to financial statements.

Edible Schoolyard New York
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services						Supporting Services		Total Supporting Services	Total Functional Expenses
	Demonstration Schools	Network Schools	Partner Schools	Program Evaluation	Professional Development	Total Program Services	Administration	Development		
Salaries	\$ 446,224	\$ 230,006	\$ -	\$ 8,287	\$ 52,047	\$ 736,564	\$ 89,862	\$ 326,507	\$ 416,369	\$ 1,152,933
Payroll taxes and employee benefits	85,798	44,056	998	7,975	10,777	149,604	11,255	57,485	68,740	218,344
Total salaries and related expenses	532,022	274,062	998	16,262	62,824	886,168	101,117	383,992	485,109	1,371,277
Facility services	-	-	-	-	-	-	6,790	-	6,790	6,790
Program supplies	47,255	37,415	-	160	33	84,863	9,464	456	9,920	94,783
Communications	4,361	-	-	710	-	5,071	4,100	650	4,750	9,821
Office expense and supplies	1,348	1,471	123	252	-	3,194	1,421	59	1,480	4,674
Permits and fees	460	-	-	-	-	460	4,209	-	4,209	4,669
Consulting and professional fees	9,023	33,061	242	41,848	899	85,073	104,761	21,692	126,453	211,526
Legal fees	-	-	-	-	-	-	28,148	-	28,148	28,148
Books, subscriptions and software	101	-	-	506	-	607	10,009	11,017	21,026	21,633
Computer support and expenses	101	-	-	-	-	101	1,557	438	1,995	2,096
Conferences and staff development	-	4	-	324	-	328	10,100	-	10,100	10,428
Advertising	-	-	-	-	-	-	3,787	788	4,575	4,575
Insurance	10,268	4,981	220	659	1,550	17,678	5,900	6,607	12,507	30,185
Travel	1,606	4,852	-	11	-	6,469	1,280	319	1,599	8,068
Bad debt expense	1,000	31,995	-	-	-	32,995	-	6,034	6,034	39,029
Meals and entertainment	414	158	-	174	-	746	1,044	1,254	2,298	3,044
Indirect benefit expenses	-	-	-	3,000	-	3,000	-	26,504	26,504	29,504
Bank and credit card charges	11	-	-	-	-	11	3	3,050	3,053	3,064
Total expenses before depreciation and amortization	607,970	387,999	1,583	63,906	65,306	1,126,764	293,690	462,860	756,550	1,883,314
Depreciation expense	82	327	-	123	327	859	3,234	-	3,234	4,093
Total expenses	\$ 608,052	\$ 388,326	\$ 1,583	\$ 64,029	\$ 65,633	\$ 1,127,623	\$ 296,924	\$ 462,860	\$ 759,784	\$ 1,887,407

See notes to financial statements.

**Edible Schoolyard New York
Statement of Cash Flows
Year Ended June 30, 2023**

Cash flows from operating activities

Increase in net assets	\$ 766,643
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	4,093
Bad debt expense	39,029
Donated securities	(15,819)
Net realized and unrealized gain on investments	(8,138)
(Increase) decrease in operating assets:	
Accounts receivable, net	(59,876)
Grants receivable, net	(391,022)
Contributions and pledges receivable, net	(145,547)
Prepaid expenses and other current assets	(673)
Security deposits	700
Increase in operating liabilities:	
Accounts payable and accrued expenses	7,356

Total adjustments (569,897)

Net cash provided by operating activities 196,746

Cash flows from investing activities

Purchase of investments	(1,559,309)
Proceeds from sale and redemption of investments	<u>722,667</u>

Net cash used by investing activities (836,642)

Net decrease in cash and cash equivalents (639,896)

Cash and cash equivalents - beginning of year 1,173,725

Cash and cash equivalents - end of year \$ 533,829

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2023**

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./M.S. 7 and P.S. 216), Network Schools (P.S. 311, P.S. 109, Evergreen, BCCS, and BGES), Partner Schools, 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./M.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 rooftop garden and greenhouse.

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.

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2023**

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

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 2021-2023, three in Brooklyn and two in the Bronx.

Partner Schools

In September 2018, the Organization merged with the Bubble Foundation (“Bubble”). 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.

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.

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.

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.

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2023**

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.

Donated marketable securities are recorded as contributions at their fair value at the date of donation and are included in the appropriate class based upon the donor's stipulations.

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.

Measure of Operations

The statement of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, and other activities considered to be of a more unusual or nonrecurring nature.

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2023**

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 ("FDIC") subject to certain limits. The standard FDIC deposit insurance amount is up to \$250,000 per depositor, per insured bank for each ownership category. As of June 30, 2023, the Organization had approximately \$265,000 in deposits in excess of FDIC limits.

Contributions and grants receivable

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, 2023. Bad debt expense from contributions and grants receivable amounted to \$6,034 for the year ended June 30, 2023.

Promises to Give

The Organization receives pledges or promises to give, for contributions extending over a few years. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted promises to give are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and shown as net assets released from restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

For-Fee Program Income

For-Fee Program income consists of fee income charged to schools for the demonstration and network schools programs. Accounts receivable from school programs totaled \$129,719 for the year ending June 30, 2023. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to valuation allowance and a credit to accounts receivable. In the opinion of management, no allowance was necessary at June 30, 2023. Bad debt expense from schools amounted to \$32,995 for the year ended June 30, 2023.

Revenue, gains and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Gain and losses on investments or other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Investments

Investments in marketable securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investment transactions are recorded on a trade-date basis. Interest income is recorded using the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains or losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition.

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2023**

Note 2 – Summary of Significant Accounting Policies (continued)

Financial Instruments

The Organization's financial instruments include cash and cash equivalents, investments, accounts receivable, grants receivable, contributions and pledges receivable, and accounts payable and accrued expenses. The carrying amounts of cash and cash equivalents, accounts receivable, contributions receivable, and accounts payable and accrued expenses approximates their fair values due to their short-term duration. The fair values of grants receivable and pledges receivable are based on the present value of expected future cash flows. The fair value of investments are described below.

Fair Value Measurements

Accounting standards established a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the hierarchy and those investments included in each are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments with fair market values that are based on quoted market prices, are classified within Level 1.

All of the Organization's investments are classified within Level 1.

Property and Equipment and Depreciation Methods

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.

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2023**

Note 2 – Summary of Significant Accounting Policies (continued)

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 and equipment 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

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, 2023.

In-Kind Contributions

During the year ended June 30, 2023, the Organization received in-kind contributions that met the criteria for being recognized in accordance with GAAP. The total value of in-kind contributions received without any donor restrictions was \$68,772 for the year ended June 30, 2023. In-kind services are recorded at estimated fair market value based on the current hourly rate of the professional service provider. In-kind program supplies represent unreimbursed costs incurred by individuals and corporations involved in promoting the Organization's programs and fundraising efforts.

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 (the "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 year ended June 30, 2023.

**Edible Schoolyard New York
Notes to Financial Statements
June 30, 2023**

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 statement of activities and in the statement 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 year ended June 30, 2023.

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 of property and equipment, discount of grants and pledges receivable to net present value, estimated value of in-kind donations received during the year and the estimated allocation of costs among program services and supporting services on the statement of functional expenses.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$4,575 for the year ended June 30, 2023.

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.

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 June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326); Measurement of Credit Losses on Financial Instruments*, which was subsequently amended in November 2018 through ASU No. 2018-19. This ASU will require entities to estimate lifetime expected credit losses for financial statements, including trade and other receivables, which will

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Note 2 – Summary of Significant Accounting Policies (continued)

result in earlier recognition of credit losses. In November 2019, the FASB issued ASU No. 2019-10 which, among other things, deferred the application of the new guidance on credit losses to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. As such, ASU 326 will be effective for the Company for fiscal year ending June 30, 2024. The Organization is currently evaluating the new guidance to determine the impact the adoption of this guidance will have on the Organization's result of operations, cash flows and financial condition.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through May 13, 2024, the date on which these financial statements are available to be issued.

Subsequent to June 30, 2023, the Organization applied for approximately \$400,000 employee retention credit. The employee retention credit is a fully refundable tax credit for employers equal to percentages of qualified wages that eligible employers pay their employees, which were legislatively capped per employee. In order to qualify for these credits, an entity must have had operations fully or partially suspended during any calendar quarter in 2020 and 2021 or experienced declines in quarterly gross receipts ranging from 20% to 50%, as compared to the same quarter in 2019. The Organization expects to receive the funds for the employee retention credit in 2025.

There were no additional material subsequent events that required recognition or additional disclosure in the 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.

Grants receivable as of June 30, 2023 consist of the following:

Urban Farms Community Garden Grant	\$ 25,000
Demonstration Schools	60,000
Network School Program	30,000
General spending	60,000
Urban Gardener - Food Advocates in NYC	280,167
Garden programs	5,000
Restricted for future periods	351,783
Total grants receivable	<u><u>\$ 811,950</u></u>

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Note 3 – Grants Receivable (continued)

Grants receivable at June 30 are scheduled to be collected as follows:

In one year or less	\$ 500,000
Between two and five years	<u>350,000</u>
	850,000
Less: discount to net present value	<u>(38,050)</u>
	811,950
Less: those presented as current	<u>(500,000)</u>
	<u><u>\$ 311,950</u></u>

Note 4 – Contributions and Pledges Receivable

Contributions and pledges receivable were \$213,401 for the year ended June 30, 2023. Management periodically assesses the collectability of its contributions and pledges receivable by considering factors such as prior collection history, type of contribution and the nature of fund-raising activity and provides allowances for anticipated losses, if any. At June 30, 2023, management expects all contributions and pledges receivable to be fully collected.

Contributions and pledges receivable at June 30 are scheduled to be collected as follows:

In one year or less	\$ 188,401
Between two and five years	<u>25,000</u>
	<u><u>\$ 213,401</u></u>

Note 5 – Property and Equipment

Property and equipment consist of the following at June 30:

Equipment	\$ 29,110
Furniture and fixtures	<u>28,653</u>
	57,763
Less: accumulated depreciation	<u>53,670</u>
	<u><u>\$ 4,093</u></u>

Depreciation expense for the year ended June 30, 2023 amounted to \$4,093.

Note 6 – Investments

Investments, stated at fair market value, consist of United States Treasury and Agency Securities with a fair market value of \$860,599. These investments have been classified within Level 1 of the valuation hierarchy.

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Note 7 – Government Grants

Government grant income amounted to \$345,449 for the year ended June 30, 2023 and is included in support in the statement of activities. The government grants for the year ended June 30, 2023 were received from the New York State Department of Agriculture and Markets, United States Department of Agriculture and The Council of the City of New York.

Note 8 – Concentrations - Major Contributors

During the fiscal year ended 2023, the Organization received approximately 30% of its contributions from one government agency and one foundation. Amounts due from the government agency and the foundation represented approximately 52% of unconditional promises to give at June 30, 2023.

Note 9 – Reclassification of Net Assets

Net assets at June 30, 2022 were restated to adjust net assets with donor restrictions in the amount of \$170,000 that were improperly recorded as net assets without donor restrictions. These net assets should have been restricted for future periods.

Note 10 – Net Assets – With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes or periods at June 30, 2023:

Subject to expenditure for specified purpose:

Urban Gardener - Food Advocates in New York City	\$ 280,167
School Garden Program	12,965
Purchase of computer equipment	10,000
Garden infrastructure	<u>2,876</u>

Total subject to expenditure for specified purpose	306,008
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Subject to the passage of time:

Restricted for future periods	<u>559,283</u>
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Total net assets with donor restrictions	<u>\$ 865,291</u>
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Notes to Financial Statements
June 30, 2023**

Note 10 – Net Assets – With Donor Restrictions (continued)

Releases from donor restricted net assets for the year ended June 30, 2023 were for the following:

Net assets released from restrictions:

Subject to expenditure for specified purposes:

Program staff salaries	\$ 3,318
Community programs at Public School 216	60,000
School garden program and infrastructure	50,943
Network Schools	35,000
Purchase of computer equipment	10,000
SEL (Social-Emotional Learning) program	22,000
Strategic planning	217,425
Demonstration Schools	<u>45,000</u>

Total subject to expenditure for specified purposes	<u>443,686</u>
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Net assets released from restrictions:

Subject to the passage of time:

Expansion of Network Schools Program in Brooklyn	85,000
General operations	<u>151,000</u>

Total subject to the passage of time	<u>236,000</u>
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Total net assets released from restrictions	<u>\$ 679,686</u>
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Note 11 – Bequest

In 2022, the Organization was notified that it was named as a beneficiary of a 401K and Auxiliary Match Program from a donor's estate. The Organization recognized bequest income of \$209,408 during the year ended June 30, 2023. This income was included in net assets without donor restrictions in the Statement of Activities.

Note 12 – 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. For the year ended June 30, 2023, total fundraising income net of direct benefit expense amounted to \$262,007.

The Organization held one special event during the year ended June 30, 2023. Changes in net assets without donor restrictions related to this event are as follows:

Revenue	\$ 330,810
Less: cost of direct benefit to donors	<u>(68,803)</u>
Revenue, net of direct benefit expense	<u>\$ 262,007</u>

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Note 13– Donated Goods and Services

Donated goods and services for the year ended June 30, 2023 consisted of the following:

	<u>Program Expenses</u>	<u>Administration</u>	<u>Total Functional Expenses</u>
Plants, food and other supplies	\$ 39,999	\$ -	\$ 39,999
Professional services	-	28,773	28,773
	<u>\$ 39,999</u>	<u>\$ 28,773</u>	<u>\$ 68,772</u>

Note 14– Liquidity

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

The Organization's financial assets available within one year of the statement of financial position date for general expenditures, without limitations, for the year ended June 30, 2023 are as follows:

Cash and cash equivalents	\$ 533,829
Investments, at fair value	860,599
Accounts receivable, net	129,719
Contributions and pledges receivable, net	213,401
Grants receivable, net	<u>811,950</u>
Total financial assets	2,549,498
Less: those unavailable for general expenditures within one year due to donor restrictions	<u>481,008</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,068,490</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 a cash decrease of \$639,896 for the year ended June 30, 2023.

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Note 15– 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, 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 counterparties. To help minimize the uncertainty of these items, management continues to explore how to best operate in this environment.