

# INSTITUTE FOR FOOD & DEVELOPMENT POLICY

Audited Financial Statements  
June 30, 2021

(With summarized comparative totals as of and for the year  
ended June 30, 2020)



**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**TABLE OF CONTENTS**  
**JUNE 30, 2021**

|   | <u>Page</u> |
|---|-------------|
| <b>Independent Auditor's Report</b> ..... | 01          |
| <b>Financial Statements</b>               |             |
| Statements of Financial Position.....     | 04          |
| Statements of Activities.....             | 05          |
| Statements of Functional Expenses.....    | 06          |
| Statements of Cash Flows.....             | 10          |
| Notes to the Financial Statements.....    | 11          |

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Institute for Food & Development Policy  
Oakland, California

### **Report on the financial statements**

We have audited the accompanying financial statements of Institute for Food & Development Policy, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institute for Food & Development Policy as of June 30, 2021, 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.

*Report on Summarized Comparative Information*

We have previously audited Institute for Food & Development Policy's 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements, in our report dated October 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harshmal & Company LLP*

Oakland, California  
November 09, 2021

## FINANCIAL STATEMENTS

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
(with summarized comparative totals as of June 30, 2020)

|                                       | FY 2021      | FY 2020    |
|---------------------------------------|--------------|------------|
| <b>ASSETS</b>                         |              |            |
| Cash and cash equivalents             | \$ 376,708   | \$ 492,968 |
| Account receivables                   | 929          | 15         |
| Investments in pooled income funds    | -            | 36,059     |
| Inventory                             | 35,395       | 36,635     |
| Prepaid expenses                      | 5,000        | 3,786      |
| Note receivables                      | -            | 47,889     |
| Undeposited funds                     | 6,395        | 2,832      |
| Property and equipment, net           | 797,624      | -          |
| Total assets                          | 1,222,051    | 620,184    |
| <b>LIABILITIES</b>                    |              |            |
| Accounts payable                      | 14,355       | 7,845      |
| Accrued expense and other liabilities | 11,902       | 11,360     |
| PPP loan payable                      | -            | 51,272     |
| Mortgage payable                      | 650,000      | -          |
| Total liabilities                     | 676,257      | 70,477     |
| <b>NET ASSETS</b>                     |              |            |
| With donor restrictions               | 50,000       | 87,459     |
| Without donor restrictions            | 495,794      | 462,248    |
| Total net assets                      | 545,794      | 549,707    |
| Total liabilities and net assets      | \$ 1,222,051 | \$ 620,184 |

The accompanying notes are an integral part of these financial statements.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(with summarized comparative totals for the year ended June 30, 2020)

|   |                                       |                                    | <u>FY 2021</u>    | <u>FY 2020</u>    |
|---|---------------------------------------|------------------------------------|-------------------|-------------------|
|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      | <u>Total</u>      |
| <b><i>REVENUES, GAINS AND OTHER SUPPORT</i></b> |                                       |                                    |                   |                   |
| Donations and grants                            | \$ 212,027                            | \$ 89,750                          | \$ 301,777        | \$ 461,652        |
| Contracts                                       | -                                     | -                                  | -                 | 46,091            |
| Honoraria                                       | 3,257                                 | -                                  | 3,257             | 3,300             |
| Merchandise sales                               | 7,945                                 | -                                  | 7,945             | 5,485             |
| Investment income                               | -                                     | 2,803                              | 2,803             | 1,848             |
| Fiscal sponsor overhead income                  | 8,513                                 | -                                  | 8,513             | 7,979             |
| Royalties                                       | 5,084                                 | -                                  | 5,084             | 2,114             |
| PPP loan forgiveness income                     | 51,272                                | -                                  | 51,272            | -                 |
| Interest/Dividend income                        | 1,113                                 | -                                  | 1,113             | 2,629             |
| Other income                                    | 1,637                                 | -                                  | 1,637             | 3,971             |
| Net assets released from restrictions           | <u>130,012</u>                        | <u>(130,012)</u>                   | <u>-</u>          | <u>-</u>          |
| Total revenues, gains and other support         | <u>420,860</u>                        | <u>(37,459)</u>                    | <u>383,401</u>    | <u>535,069</u>    |
| <b><i>EXPENSES AND LOSSES</i></b>               |                                       |                                    |                   |                   |
| Program services :                              |                                       |                                    |                   |                   |
| Research for action                             | 59,708                                | -                                  | 59,708            | 79,593            |
| Education for change                            | 67,962                                | -                                  | 67,962            | 94,655            |
| Outreach and action                             | 37,784                                | -                                  | 37,784            | 139,285           |
| Food first books and videos                     | 68,900                                | -                                  | 68,900            | 76,612            |
| Fiscal sponsorship                              | <u>90</u>                             | <u>-</u>                           | <u>90</u>         | <u>71,287</u>     |
| Total program services                          | 234,444                               | -                                  | 234,444           | 461,432           |
| General and administrative                      | 87,346                                | -                                  | 87,346            | 50,218            |
| Membership and fund raising                     | <u>65,524</u>                         | <u>-</u>                           | <u>65,524</u>     | <u>131,571</u>    |
| Total expenses and losses                       | <u>387,314</u>                        | <u>-</u>                           | <u>387,314</u>    | <u>643,221</u>    |
| Change in net assets                            | 33,546                                | (37,459)                           | (3,913)           | (108,152)         |
| Net assets at beginning of year                 | <u>462,248</u>                        | <u>87,459</u>                      | <u>549,707</u>    | <u>657,859</u>    |
| Net assets at end of year                       | <u>\$ 495,794</u>                     | <u>\$ 50,000</u>                   | <u>\$ 545,794</u> | <u>\$ 549,707</u> |

The accompanying notes are an integral part of these financial statements.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(with summarized comparative totals for the year ended June 30, 2020)

|                            | Program Services       |                         |                      |                     |                       | Total Program Services |
|----------------------------|------------------------|-------------------------|----------------------|---------------------|-----------------------|------------------------|
|                            | Research for<br>Action | Education for<br>Change | Outreach &<br>Action | Books and<br>Videos | Fiscal<br>Sponsorship |                        |
| Grant expense              | \$ -                   | \$ -                    | \$ -                 | \$ -                | \$ -                  | \$ -                   |
| Salaries and related costs | 34,378                 | 39,101                  | 14,266               | 27,287              | -                     | 115,032                |
| Cost of sales              | -                      | -                       | -                    | 3,968               | -                     | 3,968                  |
| Audit & bookkeeping        | 395                    | 452                     | 298                  | 298                 | -                     | 1,443                  |
| Bank/CC service charges    | 10                     | 12                      | 8                    | 76                  | 90                    | 196                    |
| Office supplies            | 94                     | 108                     | 71                   | 71                  | -                     | 344                    |
| Lunch supplies             | -                      | -                       | -                    | -                   | -                     | -                      |
| Telecommunications         | 774                    | 887                     | 875                  | 585                 | -                     | 3,121                  |
| Postage & shipping         | 34                     | 39                      | 26                   | 3,757               | -                     | 3,856                  |
| Mail house services        | -                      | -                       | -                    | 4,690               | -                     | 4,690                  |
| Mailing list rentals       | -                      | -                       | -                    | -                   | -                     | -                      |
| Printing and copying       | -                      | -                       | -                    | 4,117               | -                     | 4,117                  |
| Books and subscriptions    | 76                     | 87                      | 58                   | 58                  | -                     | 279                    |
| Advertising                | -                      | 65                      | -                    | 291                 | -                     | 356                    |
| Consultants & contractors  | 18,398                 | 20,850                  | 18,288               | 19,506              | -                     | 77,042                 |
| Travel                     | -                      | -                       | -                    | -                   | -                     | -                      |
| Conference & maintenance   | -                      | -                       | (300)                | -                   | -                     | (300)                  |
| Special event expense      | -                      | -                       | -                    | -                   | -                     | -                      |
| Membership dues            | -                      | -                       | -                    | -                   | -                     | -                      |
| Board expense              | -                      | -                       | -                    | -                   | -                     | -                      |
| Rent                       | 2,888                  | 3,310                   | 2,184                | 2,184               | -                     | 10,566                 |
| Utilities                  | 696                    | 798                     | 526                  | 526                 | -                     | 2,546                  |
| Repairs & maintenance      | \$ 62                  | \$ 71                   | \$ 45                | \$ 47               | \$ -                  | \$ 225                 |

The accompanying notes are an integral part of these financial statements.



**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(with summarized comparative totals for the year ended June 30, 2020)

|                            |                                       |  | <u>FY 2021</u> | <u>FY 2020</u> |
|----------------------------|---------------------------------------|--|----------------|----------------|
|                            | <u>General and<br/>Administrative</u> | <u>Membership and<br/>Fund Raising</u> | <u>Total</u>   | <u>Total</u>   |
| Grant expense              | \$ -                                  | \$ -                                   | \$ -           | \$ 110,484     |
| Salaries and related costs | 11,789                                | 19,967                                 | 146,788        | 275,359        |
| Cost of sales              | -                                     | -                                      | 3,968          | 5,502          |
| Audit & bookkeeping        | 10,893                                | 289                                    | 12,625         | 10,426         |
| Bank/CC service charges    | 1,400                                 | 7,224                                  | 8,820          | 8,957          |
| Office supplies            | 102                                   | 95                                     | 541            | 3,290          |
| Lunch supplies             | -                                     | -                                      | -              | 826            |
| Telecommunications         | 357                                   | 8,372                                  | 11,850         | 12,929         |
| Postage & shipping         | 488                                   | 4,994                                  | 9,338          | 25,201         |
| Mail house services        | -                                     | 4,968                                  | 9,658          | 25,271         |
| Mailing list rentals       | -                                     | 106                                    | 106            | 8,731          |
| Printing and copying       | -                                     | 1,945                                  | 6,062          | 6,004          |
| Books and subscriptions    | 81                                    | 61                                     | 421            | 1,859          |
| Advertising                | -                                     | 37                                     | 393            | 1,052          |
| Consultants & contractors  | 40,853                                | 12,359                                 | 130,254        | 65,705         |
| Travel                     | -                                     | -                                      | -              | 34,441         |
| Conference & maintenance   | 176                                   | -                                      | (124)          | 708            |
| Special event expense      | -                                     | -                                      | -              | 3,144          |
| Membership dues            | -                                     | -                                      | -              | 60             |
| Board expense              | 529                                   | -                                      | 529            | 777            |
| Rent                       | 2,686                                 | 2,113                                  | 15,365         | 24,121         |
| Utilities                  | 340                                   | 510                                    | 3,396          | 4,097          |
| Repairs & maintenance      | \$ 1,211                              | \$ 45                                  | \$ 1,481       | \$ 4,333       |

The accompanying notes are an integral part of these financial statements.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(with summarized comparative totals for the year ended June 30, 2020)

|                         | Program Services    |                      |                   |                  |                    | Total Program Services |
|-------------------------|---------------------|----------------------|-------------------|------------------|--------------------|------------------------|
|                         | Research for Action | Education for Change | Outreach & Action | Books and Videos | Fiscal Sponsorship |                        |
| Insurance               | \$ 1,903            | \$ 2,182             | \$ 1,439          | \$ 1,439         | \$ -               | \$ 6,963               |
| Other expenses          | -                   | -                    | -                 | -                | -                  | -                      |
| Legal Fee               | -                   | -                    | -                 | -                | -                  | -                      |
| Bad debts               | -                   | -                    | -                 | -                | -                  | -                      |
| Total expenses for 2021 | <u>\$ 59,708</u>    | <u>\$ 67,962</u>     | <u>\$ 37,784</u>  | <u>\$ 68,900</u> | <u>\$ 90</u>       | <u>\$ 234,444</u>      |
| Total expenses for 2020 | <u>\$ 79,593</u>    | <u>\$ 94,655</u>     | <u>\$ 139,285</u> | <u>\$ 76,612</u> | <u>\$ 71,287</u>   | <u>\$ 461,432</u>      |

The accompanying notes are an integral part of these financial statements.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(with summarized comparative totals for the year ended June 30, 2020)**

|                         |                                       |  | <u>FY 2021</u>    | <u>FY 2020</u>    |
|-------------------------|---------------------------------------|--|-------------------|-------------------|
|                         | <u>General and<br/>Administrative</u> | <u>Membership and<br/>Fund Raising</u> | <u>Total</u>      | <u>Total</u>      |
| Insurance               | \$ 928                                | \$ 1,393                               | \$ 9,284          | \$ 7,960          |
| Other expenses          | 4,947                                 | 1,046                                  | 5,993             | 1,984             |
| Legal Fee               | 9,856                                 | -                                      | 9,856             | -                 |
| Bad debts               | <u>710</u>                            | <u>-</u>                               | <u>710</u>        | <u>-</u>          |
| Total expenses for 2021 | <u>\$ 87,346</u>                      | <u>\$ 65,524</u>                       | <u>\$ 387,314</u> | <u>\$ -</u>       |
| Total expenses for 2020 | <u>\$ 50,218</u>                      | <u>\$ 131,571</u>                      | <u>\$ -</u>       | <u>\$ 643,221</u> |

The accompanying notes are an integral part of these financial statements.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(with summarized comparative totals for the year ended June 30, 2020)**

|  | <u>FY 2021</u>    | <u>FY 2020</u>    |
|--|-------------------|-------------------|
| <b>Cash flows from operating activities:</b>   |                   |                   |
| Change in net assets   | \$ (3,913)        | \$ (108,152)      |
| Adjustments to reconcile changes in net assets to net cash used by operating activities: |                   |                   |
| Income from pooled income funds  | (2,803)           | (1,848)           |
| PPP loan forgiveness income  | (51,272)          | -                 |
| Changes in operating assets and liabilities:   |                   |                   |
| Inventory  | 1,240             | 2,371             |
| Account receivables  | (914)             | 284               |
| Prepaid expenses   | (1,214)           | 6,487             |
| Undeposited funds  | (3,563)           | (2,832)           |
| Note receivables   | 47,889            | -                 |
| Accounts payable   | 6,510             | (1,356)           |
| Accrued expense and other liabilities  | <u>542</u>        | <u>47,592</u>     |
| Net cash used by operating activities  | <u>(7,498)</u>    | <u>(57,454)</u>   |
| <b>Cash flows from investing activities:</b>   |                   |                   |
| Proceeds from sale of investments  | 38,862            | -                 |
| Purchase of property and equipment   | <u>(797,624)</u>  | <u>-</u>          |
| Net cash used by investing activities  | <u>(758,762)</u>  | <u>-</u>          |
| <b>Cash flows from financing activities:</b>   |                   |                   |
| Proceeds from issuance of mortgage payable   | <u>650,000</u>    | <u>-</u>          |
| Net cash provided by financing activities  | <u>650,000</u>    | <u>-</u>          |
| Net change in cash and cash equivalents  | (116,260)         | (57,454)          |
| Cash and cash equivalents at beginning of year   | <u>492,968</u>    | <u>550,422</u>    |
| Cash and cash equivalents at end of year   | <u>\$ 376,708</u> | <u>\$ 492,968</u> |

The accompanying notes are an integral part of these financial statements.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - ORGANIZATION**

Institute for Food & Development Policy ("Food First") is a New York Nonprofit corporation exempt from tax under Internal Revenue Code Section 501(c)(3). Food First has been classified as a publicly supported organization described in Section 509(a)(1) of the Internal Revenue Code. Accordingly, donors are entitled to the maximum charitable contribution allowed by law.

Food First is a nonprofit think and do tank with an education-for-action focus. Food First's work highlights root causes and value-based solutions to hunger and poverty around the world, with a commitment to establishing food as a fundamental human right.

As a progressive think tank, Food First produces books, reports, articles, films, electronic media, and curricula, plus interviews, lectures, workshops, and academic courses for the public, policy maker's activists, the media, students, educators, and researchers. Food First participates in activist coalitions and furnishes clearly written and carefully researched analyses, arguments, and action plans for people who want to help change the world. By offering leadership to the struggle for reforming the global food system from the bottom up, Food First provides an antidote to the myths and obfuscations that make change seem difficult to achieve.

Food First was founded in 1975 by Frances Moore Lappé and Joseph Collins, following the international success of the book *Diet for a Small Planet*. Individual contributions provide significant income, and volunteers and interns carry out a substantial part of Food First's work. As a largely member-supported organization, Food First has independence, objectivity, and commitment to people's struggles all over the world.

**Programs Administered by the Reporting Entity**

**Research for Action**

The goal of Food First's research work is to generate information and analysis for food sovereignty locally and globally. We also carry out Participatory Action Research with community organizations to help them generate their own information and analyses. The combination of our applied and participatory research produces real-time information and insights. Our research brings the perspective of community-based struggles to broader development debates. The core of Food First's long-time work, our research, and analysis are disseminated through a variety of research publications, including backgrounders, policy briefs, development reports, and books that help popular audiences to understand the complex dynamics of our global food system.

**Education for Change**

Food First's publications are widely used in university courses and by Community groups around the world. Food First has published over 60 books, with translations in 22 languages worldwide. In addition, its Executive Director and Food First researchers teach courses and seminars, give talks, and participate in public discussions everywhere from university classrooms and international conferences to farms and community centers.

**Food First Books and Videos**

Food First's mission is to eliminate the injustices that cause hunger by changing consciousness, awakening people to the possibility of and their own power to bring about social change. While our programs carry out the research, analysis, and projects, the Food First Books and Videos program provides our constituents with the tools to address dilemmas associated with change. This program delivers books, policy briefs, blogs, press releases, videos, newsletters, and backgrounders on issues that expose the root causes of hunger, identify the obstacles to change and address ways to remove them, and suggest modes of action to motivate people to be part of the change.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - ORGANIZATION - CONT'D**

**Outreach & Action**

Food First worked on the narrative strategy working group within the US Food Sovereignty Alliance (USFSA). This working group developed a monthly video segment to communicate to different audiences inside and outside the food movement on what food sovereignty would look like in action. Food First worked with various organizers and activists from grassroots organizations to highlight what food sovereignty meant to them.

Food First also developed and implemented a webinar series covering various issues in the food system. In these webinars, we brought together scholar-activists, organizers, and community advocates to analyze pressing problems and discuss solutions for a just food system.

**Fiscal Sponsorship**

Food First works to support other groups who have similar purposes and activities as a way of building network capacities and strengthening the overall food movement. For several years now, Food First has supported the work of CNOP on a project aimed at improving the lives of Malian farmers through a program called Agroecological Alternatives in Mali. Likewise locally, Food First has provided support and has worked alongside the group Community to Community Development (C2C) which is a women-led grassroots organization dedicated to food sovereignty and immigrant rights.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Basis of Presentation***

The financial statements of Food First have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “*Audit and Accounting Guide for Not-for-Profit Organizations*” (the “Guide”).

Under the provisions of the Guide, net assets and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, Food First classifies the net assets and changes in net assets as follows:

**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 Food First. Food First’s board may designate assets without restrictions for specific operational purposes from time to time.

**Net assets with Donor Restrictions** - Net assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Food First or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2021, and 2020, Food First had net assets with donor restrictions of \$50,000 and \$87,459, respectively.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Food First, unless the donor provides more specific directions about the period of its use. All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses are reported as decreases in net assets without donor restrictions.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***B. Cash and cash equivalents***

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash on hand and cash held in saving accounts, checking account, trust account, and other highly liquid resources, such as investments in securities and equities, with an original maturity of three months or less when purchased.

***C. Accounts Receivable***

Accounts receivable arise in the normal course of business. Receivables are written off in the period deemed uncollectible. It has been the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, to establish an allowance for doubtful accounts for uncollectible amounts.

***D. Investments***

Food First accounts for its investments at fair value, as determined by quoted market prices. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

***E. Property and Equipment***

Acquisitions of fixed assets of \$1,000 or more are capitalized. Acquired assets are stated at cost (purchase price, including the current value of rent concessions, plus other costs necessary to place the asset into service). Depreciation is computed using the straight-line method over their estimated useful lives of assets. Estimated useful lives for depreciation purposes are as follows: building and improvements, 27.5 years; leasehold improvements, 5 years and furniture and equipment, 5 years.

***F. Inventory***

Inventory consists of educational publications and the costs associated with their printing. All development costs associated with the publications are expensed as incurred and are not included in inventory. Educational publications are stated at the lower of cost (first-in, first-out) or market. As of June 30, 2021, and 2020, Food First had an inventory of \$35,395 and \$36,635, respectively.

***G. Contribution***

Food First accounts for contributions in accordance with recommendations of Accounting Standard Codification (ASC) topic 958; All donor-restricted contributions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or 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.

***H. Income Taxes***

Food First has obtained tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and the Franchise Tax Board under Section 23701d of the California Revenue and Taxation Code. Accordingly, no provision for federal income tax or California Franchise Tax has been made. Food First has been classified as a publicly supported charitable organization, which is not a private foundation under IRS Code Section 509(a).

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***H. Income Taxes - Cont'd***

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Food First in its federal and state exempt organization tax returns are consistent with GAAP guidance and are more likely than not to be sustained upon examination. Food First's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

***I. Support and Revenue Recognition***

Food First records contributions upon the earlier receipt or when a pledge agreement has been executed. Contributions that have restrictions based on use or time are required to be reported as support with donor restrictions and are then reclassified as net assets without donor restrictions when restrictions have been satisfied. Food First also derives revenue from publication sales. Food First recognizes revenue upon shipment to the customer.

***Revenue Recognition***

Effective July 1, 2020, Food First adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. Under the new revenue recognition standard, revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of goods at a point in time based on shipping terms and transfer of title. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods. Sales, value add, and other taxes collected concurrently with revenue-producing activities are excluded from revenue.

Food First does not expect a material impact to its statements of financial position and statements of activities on an ongoing basis from the adoption of the new standard.

***J. Functional Expenses***

The costs of providing the various program services and supporting activities of Food First are shown on the Statement of Functional Expenses. Expenses that can be directly identified with a specific function are allocated directly to that function. Expenses that cannot be directly identified with a specific function are allocated among the program services and supporting activities benefited.

***K. Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Food First's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Food First's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

***L. Comparative Summarized Financial Information***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Food First's financial statements for the year ended June 30, 2020, from which the summarized information was derived.



**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***M. Reclassifications***

Certain amounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

***N. New Accounting Pronouncement***

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. Food First is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

In November 2019, the FASB issued ASU 2019-10, *Financial Instruments - Credit Losses* (Topic 326), *Derivatives and Hedging* (Topic 815), and *Leases* (Topic 842): *Effective Dates*, which delays the effective date of ASU 2016-13 for certain entities. The new standard is effective for years beginning after December 15, 2022, including interim periods within those years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Food First is currently evaluating the impact on its financial statements.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

**Credit Risk:**

Certain financial deposits potentially subject Food First to concentrations of credit risk in that these deposits exceed federal deposit insurance limits. These financial deposits consist primarily of cash, cash equivalents, and investments. Food First places its cash, cash equivalents, and investments with high credit, quality financial institutions.

The carrying amount of Food First's cash deposits as of June 30, 2021, and 2020 were \$376,708 and \$492,968, respectively, and the bank balance was \$375,771 and \$508,446, respectively. The difference between the bank balance and the carrying amount represents outstanding checks and petty cash.

As of June 30, 2021, and 2020, Cash balances held in banks are insured up to \$374,602 and \$422,804, respectively, by Federal Deposit Insurance Corporation (FDIC). Food First maintains its cash in bank deposit accounts that at times may exceed insured limits. Food First manages this risk by monitoring the financial strength of its banking partners on a periodic basis. As of June 30, 2021, and 2020, Food First had \$1,169 and \$85,642, respectively, in excess of insured limits.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30:

|                                   | <u>FY 2021</u>    | <u>FY 2020</u>  |
|-----------------------------------|-------------------|-----------------|
| Furniture and equipment           | \$ 35,037         | \$ 35,037       |
| Leasehold improvements            | 17,576            | 17,576          |
| Building and improvements         | 797,624           | -               |
| Less: accumulated depreciation    | <u>(52,613)</u>   | <u>(52,613)</u> |
| Total property and equipment, net | <u>\$ 797,624</u> | <u>\$ -</u>     |

Depreciation expense for the year ended June 30, 2021 and 2020 was \$0 and \$0, respectively.

**NOTE 5 - NOTE RECEIVABLE AND LEASE**

Food First had a note receivable for the amount of \$47,889 non-interest bearing note executed on June 6, 1994. The note arose in connection with the option to purchase Food First's office facilities and is secured by a purchase-money deed of trust on the facilities. As of January 20, 2021, Food First purchased office facilities at 398 60th Street in Oakland, and note receivable adjusted with purchase of the office facilities.

Food First had a lease with an option to buy the office facilities at 398 60th Street in Oakland, California, under a lease agreement, which expired August 31, 2021, for which Food First advanced \$47,889 (50% of the down payment) to purchase the property. The monthly lease payments are to be adjusted annually to equal the sum of the lessor's mortgage, insurance, and property taxes (currently \$2,009 per month). Principal paid on the mortgage as rent by Food First, plus the \$47,889 down payment, will apply to the purchase. The purchase price for the office facilities is the sum of 50% of the lessor's original purchase price and 50% of the market value of the office facilities at the option exercise date, less a 6% reduction for real estate commissions. Under certain circumstances, Food First can vacate the premises with a 120 days' notice. If Food First decides not to purchase the building, Food First receives the \$47,889 down payment plus principal paid as rent by Food First, plus the balance of the impound account for taxes and insurance, plus one-half of the money spent on major repairs. Up to January 2021, the rent payment was \$14,088.

**NOTE 6 - POOLED INCOME FUNDS**

Food First was the recipient of gifts held in pooled income funds designating the donors as the sole income beneficiaries during their lifetimes. The principal balance passes to Food First upon the donors' death. Investment income on the funds is paid to the beneficiaries. The account was closed during the fiscal year ended June 30, 2021, and all the funds were withdrawn. As of June 30, 2021, no more surviving fund contributors.

Pooled income funds were invested as follows at June 30, 2021, and 2020:

|                               | <u>FY 2021</u> | <u>FY 2020</u>   |
|-------------------------------|----------------|------------------|
| Calvert Equity Funds          | \$ -           | \$ 24,025        |
| Calvert Short Duration Income | <u>-</u>       | <u>12,034</u>    |
| Total                         | <u>\$ -</u>    | <u>\$ 36,059</u> |

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 - POOLED INCOME FUNDS - CONT'D**

Income from pooled income fund investments for the year ended June 30, 2021, and 2020 was \$2,803 and \$1,848, respectively.

**NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021, and 2020 are as follows:

|  | <u>FY 2021</u>    | <u>FY 2020</u>    |
|--|-------------------|-------------------|
| Financial assets:  |                   |                   |
| Cash and cash equivalents  | \$ 376,708        | \$ 492,968        |
| Account receivable   | 929               | 15                |
| Investment in pooled income funds  | -                 | 36,059            |
| Undeposited funds  | 6,395             | 2,832             |
| Notes receivable   | <u>-</u>          | <u>47,889</u>     |
| Total financial assets   | <u>384,032</u>    | <u>579,763</u>    |
| Less amounts not available to be used<br>within one year:                  |                   |                   |
| Net assets with donor restrictions   | <u>(50,000)</u>   | <u>(87,459)</u>   |
| Financial assets available to meet general<br>expenditures within one year | <u>\$ 334,032</u> | <u>\$ 492,304</u> |

Food First's primary sources of support are derived from grants, donations, and contributions. Food First has the policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 8 - MORTGAGE PAYABLE**

Food First entered into a loan agreement with the Sobrato Family Foundation for a bridge loan to cover the purchase of the property as of January 20, 2021, for an amount of \$650,000. Food First purchased the property located at 398 60th Street Oakland, California, pursuant to the exercise of the option to purchase the property under the agreement called lease agreement entered into on June 6, 1994. As per the terms of the agreement, the loan will bear no cost to Food First and which will become due at the earliest of when the property is sold to a third party or six months.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2021:

|  | June 30,<br>2020 | Awarded          | Released          | June 30,<br>2021 |
|--|------------------|------------------|-------------------|------------------|
| Research for Action                      | \$ 20,000        | \$ -             | \$ -              | \$ 20,000        |
| Projects for Transformation              | 30,000           | 89,500           | 89,500            | 30,000           |
| C2C (Community to Community)             | 1,400            | 250              | 1,650             | -                |
| Pooled Income Funds                      | <u>36,059</u>    | <u>2,803</u>     | <u>38,862</u>     | <u>-</u>         |
| Total net assets with donor restrictions | <u>\$ 87,459</u> | <u>\$ 92,553</u> | <u>\$ 130,012</u> | <u>\$ 50,000</u> |

Net assets with donor restrictions consisted of the following at June 30, 2020:

|  | June 30,<br>2019 | Awarded           | Released          | June 30,<br>2020 |
|--|------------------|-------------------|-------------------|------------------|
| Research for Action                      | \$ 20,000        | \$ -              | \$ -              | \$ 20,000        |
| Projects for Transformation              | -                | 70,000            | 40,000            | 30,000           |
| C2C (Community to Community)             | -                | 79,584            | 78,184            | 1,400            |
| Pooled Income Funds                      | <u>27,130</u>    | <u>8,929</u>      | <u>-</u>          | <u>36,059</u>    |
| Total net assets with donor restrictions | <u>\$ 47,130</u> | <u>\$ 158,513</u> | <u>\$ 118,184</u> | <u>\$ 87,459</u> |

**NOTE 10 - RETIREMENTS BENEFITS**

Food First provides retirement benefits to its qualifying employees. Food First makes a fixed contribution to the retirement plan of every eligible staff member, pro-rated for part-time employees, starting after one year of employment at the full-time equivalent of 20% of \$3,000 and moving to 100% in the sixth year. After the sixth year of employment, employees will get a 2% annual increase in contributions.

With staff agreement, Food First may temporarily suspend retirement contributions. This contribution can only be invested in the retirement plan.

**NOTE 11 - PAYCHECK PROTECTION PROGRAM LOAN**

Food First obtained a \$51,272 loan from WebBank (the "Lender") under the Paycheck Protection Program (PPP) on May 04, 2020. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses, and certain other requirements related to wage rates and maintenance of full-time equivalents are met.

Food First applied for forgiveness with the lender on May 12, 2021, and received forgiveness from the Small Business Administration (SBA) in full. The amount of loan forgiveness is presented as a component of income in the statement of activities.

**NOTE 12 - CONTINGENCIES**

Food First received support that may be subject to audit or review by the grantors. Management believes that Food First has complied with all aspects of the grant provisions and that disallowed costs, if any, would be insignificant to the financial position of Food First.

**INSTITUTE FOR FOOD & DEVELOPMENT POLICY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 12 - CONTINGENCIES - CONT'D**

Food First's Finance Director resides in Canada and is treated as an independent contractor. Management does not believe Food First is liable for payroll taxes under Canadian law but is not certain.

**NOTE 13 - CONTRIBUTED GOODS AND SERVICES**

Food First recognizes the value of goods and services received as both a revenue and an offsetting expense item. Food First did not receive any contributed services required to the record for the year ended June 30, 2021.

**NOTE 14 - FISCAL SPONSOR OVERHEAD INCOME**

During the year June 30, 2021, Food First received \$89,750 from donors with the stipulation that the funds would go to other NFPs (Not-for-profit Organizations). Of that amount, \$81,238 went to other NFPs. Food First retained the difference of \$8,513 to cover its expenses.

During the year June 30, 2020, Food First received \$119,584 from donors with the stipulation that the funds would go to other NFPs (Not-for-profit Organizations). Of that amount, \$111,605 went to other NFPs. Food First retained the difference of \$7,979 to cover its expenses.

**NOTE 15 - EVALUATION OF SUBSEQUENT EVENTS**

According to the loan agreement entered with the Sobrato Family Foundation, Food First sold the building on July 15, 2021, and paid back the loan amount of \$650,000 on July 22, 2021.

Food First has evaluated all subsequent events through November 09, 2021, the date on which the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

As the COVID\_19 pandemic is complex and rapidly evolving. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position, and cash flows.