

Institute for Food and Development Policy

Audited Financial Statements

For Year Ended June 30, 2014

Rubian Moss, CPA
A Professional Corporation

Institute for Food and Development Policy

Financial Statements

Year ended June 30, 2014

Contents

Independent Auditor's Report.....	1
Financial Statements	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows.....	4
Statement of Functional Expenses.....	5
Notes to Financial Statements.....	6

RUBIAN MOSS, CPA**A PROFESSIONAL CORPORATION**

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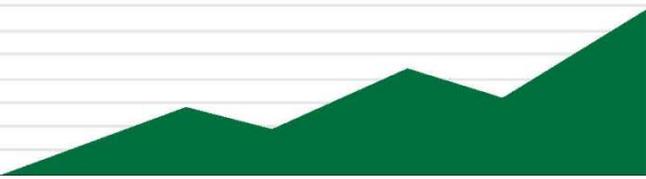
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Independent Auditor's Report

Board of Directors
Institute for Food and Development Policy
Oakland, California

We have audited the accompanying financial statements of Institute for Food and Development Policy, a nonprofit organization, which comprise the statement of financial position as of June 30, 2014 and the related statements of activities, cash flows, and functional expenses 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 of 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 statement .

We believe that our 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 and Development Policy as of June 30, 2014 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.

Rubian Moss, CPA

Walnut Creek, California
November 2, 2014

Institute for Food and Development Policy

Statement of Financial Position

As of June 30, 2014

Assets	
Cash (<i>Note 1</i>)	\$ 607,900
Grants receivable	-
Accounts receivable	4,406
Inventory (<i>Note 1</i>)	39,604
Prepaid expenses and other receivables	5,813
Property and equipment, net (<i>Note 3</i>)	1,537
Note receivable (<i>Note 4</i>)	47,889
Pooled income funds (<i>Note 5</i>)	45,761
Total assets	<u>\$ 752,910</u>
Liabilities and net assets	
Accounts payable and accrued liabilities	\$ 39,392
Net assets:	
Unrestricted (<i>Note 1</i>)	579,681
Temporarily restricted (<i>Note 6</i>)	133,837
Total net assets	<u>713,518</u>
Total liabilities and net assets	<u>\$ 752,910</u>

See accompanying notes.

Institute for Food and Development Policy

Statements of Activities and Changes in Net Assets

For the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Grants and contributions	\$ 567,725	\$ 94,616	\$ 662,341
Publications sales	17,697	-	17,697
Investment income	437	4,504	4,941
Other income	32,597	-	32,597
Net assets released from restrictions	124,316	(124,316)	-
Total revenues and support	742,772	(25,196)	717,576
Program service expenses:			
Research and analysis (<i>Note 10</i>)	210,263	-	210,263
Education and outreach	303,966	-	303,966
Publications	91,016	-	91,016
Total program service expenses	605,245	-	605,245
Supporting services:			
General and administrative	40,306	-	40,306
Membership and development	161,158	-	161,158
Total supporting services	201,464	-	201,464
Total operating expenses	806,709	-	806,709
Change in net assets	(63,937)	(25,196)	(89,133)
Net assets, beginning of year	643,618	159,033	802,651
Net assets, end of year	\$ 579,681	\$ 133,837	\$ 713,518

See accompanying notes.

Institute for Food and Development Policy

Statement of Cash Flows

For the year ended June 30, 2014

Cash flows from operating activities:	
Change in net assets	\$ (89,133)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,293
Decrease in grants receivable	12,000
Decrease in accounts receivable	3,371
Decrease in inventory	784
Decrease in prepaid expenses	2,067
Decrease in accounts payable	<u>(8,037)</u>
Net cash provided by operating activities	(77,655)
Cash flows from investing activities	
Net change in pooled income funds	<u>(4,504)</u>
Net cash used in investing activities	(4,504)
Net change in cash	(82,159)
Cash, beginning of year	<u>690,059</u>
Cash, end of year	<u><u>\$ 607,900</u></u>

See accompanying notes.

Institute for Food and Development Policy

Statement of Functional Expenses

For the year ended June 30, 2014

	Program Services				Support Services		
	Research and Analysis	Education and Outreach	Publications	Total	General and Administrative	Membership and Development	Total
Compensation and benefits	\$ 49,182	\$ 119,382	\$ 35,626	\$ 204,190	\$ 15,097	\$ 43,374	\$ 262,661
Professional fees	89,290	35,524	28,877	153,691	17,363	29,340	200,394
Postage	3,384	5,417	1,397	10,198	(5,392)	30,735	35,541
Printing	4,988	1,301	1,299	7,588	132	14,712	22,432
Publication expenses	-	-	13,088	13,088	-	-	13,088
Office expenses	2,377	7,262	1,082	10,721	7,228	7,140	25,089
Travel	11,941	27,655	45	39,641	23	113	39,777
Occupancy	3,972	4,964	3,972	12,908	993	2,648	16,549
Mailing services	2,634	4,012	391	7,037	133	21,446	28,616
Telecommunication	3,259	4,503	2,778	10,540	858	9,050	20,448
Insurance	1,891	5,109	1,891	8,891	2,539	1,261	12,691
Depreciation	-	-	-	-	1,293	-	1,293
Meetings and conferences	2,000	165	-	2,165	-	1,022	3,187
Special events	10,731	88,236	-	98,967	-	-	98,967
Advertising	14	436	570	1,020	39	317	1,376
Grants and allocations	24,600	-	-	24,600	-	-	24,600
Total	\$ 210,263	\$ 303,966	\$ 91,016	\$ 605,245	\$ 40,306	\$ 161,158	\$ 806,709

See accompanying notes.

Institute for Food and Development Policy

Notes to Financial Statements

For the year ended June 30, 2014

1. Organization and Summary of Significant Accounting Policies

Organization

The Institute for Food and Development Policy (“Food First”) is a member-supported, nonprofit ‘peoples’ think tank and education-for-action center. 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 makers, 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 the struggles of common people all over the world.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Institute for Food and Development Policy

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. The financial activities are classified into the following three classes of net assets:

Unrestricted Net Assets — Those net assets and activities which represent the portion of expendable funds available to support operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily Restricted Net Assets — Those net assets and activities which are donor restricted for: (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently Restricted Net Assets — Those assets and activities which are permanently donor restricted for holdings of: (a) assets donated with stipulations that they be preserved and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

Food First has no permanently restricted net assets as of June 30, 2014.

Support and Revenue Recognition

Food First records contributions upon the earlier of receipt or when a pledge agreement has been executed. Contributions that have restrictions based on use or time are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets when restrictions have been satisfied.

Food First also derives revenues from publication sales. Food First recognizes revenue upon shipment to the customer.

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.

Institute for Food and Development Policy

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

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

Functional Allocation of 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 the supporting activities benefited.

Cash

Cash consists of accounts with an original maturity of three months or less. Financial instruments that potentially subject Food First to concentrations of credit risk include cash and cash equivalents. Cash deposits are generally federally insured in limited amounts. Cash and cash equivalents are stated at fair market value.

2. Concentration of Credit Risk

Financial instruments which potentially subject Food First to a concentration of credit risk principally consist of cash and money market accounts. The balances, at times, may exceed federally insured limits. Food First has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

Institute for Food and Development Policy

Notes to Financial Statements (continued)

3. Property and Equipment

Property and equipment are stated at cost or, if donated, at the fair market value at the time of receipt. Food First generally capitalizes assets with an original cost over \$5,000. Depreciation is computed using the straight-line method of depreciation over the estimated useful life of the assets. Depreciation expense for the year ended June 30, 2013 was \$1,293.

Property and equipment consists of the following at June 30, 2014.

Computer equipment	\$ 16,443
Furniture and fixtures	3,844
Leasehold improvements	17,576
Office equipment	11,689
	<u>49,552</u>
Less accumulated depreciation	<u>(48,015)</u>
Property and equipment, net	<u>\$ 1,537</u>

4. Note Receivable

Note receivable consists of a \$47,889 non-interest bearing note receivable due August 2015 from Food First's development director and her husband. The note arose in connection with the option to purchase Food First's office facilities (see Note 10) and is secured by a purchase-money deed of trust on the facilities.

5. Pooled Income Funds

Food First is the recipient of gifts held in pooled income funds designating the donors as the sole income beneficiaries during their lifetimes with the principal balance passing to Food First upon the donors' deaths. Investment income on the funds is paid to the beneficiaries. The difference in the current market value of the funds less the original donations is the increase in value.

Market value	\$ 45,761
Less original donation values	<u>(31,000)</u>
Increase in value	<u>\$ 14,761</u>

Institute for Food and Development Policy

Notes to Financial Statements (continued)

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30, 2014:

Building Local and Agri-Food Systems program	\$ 19,762
Farmers Forging Food Sovereignty program	42,273
Democratizing Development program	14,517
Public and Member Education	11,524
Pooled income funds	<u>45,761</u>
Temporarily restricted net assets	<u><u>\$ 133,837</u></u>

7. Retirement 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, prorated for part-time employees, starting after one year of employment at the full-time equivalent of 20% of \$3,000 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.

Food First made no retirement benefit contributions during the year ended June 30, 2014.

8. 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 and Development Policy

Notes to Financial Statements (continued)

9. Related Party Transactions

Food First has a lease with an option to buy the office facilities in Oakland, California from Food First's development director and her husband under a lease agreement, which expires August 2015, for which Food First advanced \$47,889 (50% of the down payment) to the development director 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 \$1,944 per month).

The lease option to purchase the office facilities may be exercised any time before August 31, 2015. 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 fair 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 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.

Net occupancy expense, including utilities, was \$16,549 for the year ended June 30, 2014.

10. Contributed Goods and Services

Food First recognizes the fair 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 be recorded for the year ended June 30, 2014.

Volunteer time adds considerably to the services provided by Food First. The time contributed by research assistants and volunteers that does not require recognition in the financial statements totaled over 11,158 hours, which amounts to over five full time program staff, for the year ended June 30, 2014. In addition, Food First received a significant number of donated hours of research and analysis by fellows and colleagues.

11. Subsequent Events

Food First has evaluated all subsequent events through November 2, 2014, the date through the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.