



FOODCORPS, INC.

**INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS WITH
UNIFORM GUIDANCE REPORTS**

YEAR ENDED JULY 31, 2018 AND 2017

FOODCORPS, INC.
FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
FoodCorps, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of FoodCorps, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2018, 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.

Auditors' 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 FoodCorps, Inc. as of July 31, 2018, 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.

INDEPENDENT AUDITORS' REPORT – FYE JULY 31, 2017

Report on Summarized Comparative Information

We have previously audited the FoodCorps, Inc.'s July 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 2, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated February 21, 2019, on our consideration of FoodCorps Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FoodCorps, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FoodCorps Inc.'s internal control over financial reporting and compliance.

Rosenberg + Manente PLLC

Rosenberg and Manente, PLLC
Certified Public Accountants
New York, New York

February 21, 2019

FOODCORPS, INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,031,726	\$ 2,926,224
Unconditional Promises to Give:		
Restricted to Future Programs and Periods, Net	4,942,333	7,881,580
Government Grant Receivables	345,680	486,434
Program Service Fees and Other Receivables	33,669	97,231
Prepaid Expenses	448,825	366,447
Property and Equipment, Net of Accumulated Depreciation	101,539	117,589
Security Deposit	48,499	48,341
TOTAL ASSETS	\$ 9,952,271	\$ 11,923,846
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 56,703	\$ 53,430
Accrued Expenses	54,235	45,529
Credit Cards Payable	114,003	100,504
Unearned Revenue	49,500	18,048
Deferred Rent	10,573	-
Accrued Paid Time Off	208,488	115,124
Accrued Salaries and Related Expenses	219,692	178,926
TOTAL LIABILITIES	713,194	511,561
NET ASSETS		
Unrestricted	3,286,633	2,001,020
Temporarily Restricted	5,952,444	9,411,265
TOTAL NET ASSETS	9,239,077	11,412,285
TOTAL LIABILITIES AND NET ASSETS	\$ 9,952,271	\$ 11,923,846

FOODCORPS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2018
(With Comparative Totals for the Year Ended July 31, 2017)

	<u>JULY 31, 2018</u>			<u>JULY 31, 2017</u>
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL</u>
REVENUES, GAINS AND OTHER SUPPORT				
Grants	\$ 3,554,674	\$ 3,794,861	\$ 7,349,535	\$ 9,260,744
Contributions	3,440,426	172,500	3,612,926	2,344,233
Program Service Revenue	1,562,988	-	1,562,988	1,364,528
Donated Professional Services and Gifts In-Kind	44,017	-	44,017	33,342
Miscellaneous	80,111	-	80,111	19,531
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	8,682,216	3,967,361	12,649,577	13,022,378
Net Assets Released from Restrictions				
Satisfaction of Time and Program Restrictions	7,426,182	(7,426,182)	-	-
Total Revenue, Gains and Other Support	16,108,398	(3,458,821)	12,649,577	13,022,378
EXPENSES				
Program Services	11,132,450	-	11,132,450	8,922,997
Supporting Services				
Management and General	1,448,744	-	1,448,744	963,905
Development and Fundraising	2,241,591	-	2,241,591	1,852,872
Total Supporting Services	3,690,335	-	3,690,335	2,816,777
Total Expenses	14,822,785	-	14,822,785	11,739,774
CHANGES IN NET ASSETS	1,285,613	(3,458,821)	(2,173,208)	1,282,604
NET ASSETS, BEGINNING OF YEAR	2,001,020	9,411,265	11,412,285	10,129,681
NET ASSETS, ENDING OF YEAR	\$ 3,286,633	\$ 5,952,444	\$ 9,239,077	\$ 11,412,285

FOODCORPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2018
(With Comparative Totals for the Year Ended July 31, 2017)

	JULY 31, 2018				JULY 31, 2017
	Program Services	Management and General	Development and Fundraising	Total	Total
Personal Service Expenses					
Salaries and Temporary Services	\$ 7,300,949	\$ 771,851	\$ 1,415,074	\$ 9,487,874	\$ 7,669,939
Employee Benefits	896,394	149,026	173,445	1,218,865	938,854
Payroll Taxes	557,724	83,462	111,959	753,145	612,650
Research and Evaluation					
Research and Evaluation Consultants	49,590	-	-	49,590	41,932
Database Hosting and Maintenance	6,101	3,116	5,591	14,808	32,691
Building and Occupancy					
Rent	264,936	43,417	49,411	357,764	352,068
Utilities	11,166	14,204	1,883	27,253	20,258
Technology and Communications					
Website, Press and Media	3,804	-	3,495	7,299	6,758
Photo and Video	5,715	-	2,651	8,366	5,572
Telephone and Internet	20,769	935	1,364	23,068	16,946
Consulting	24,833	37,561	22,054	84,448	65,429
Computer Expenses	81,795	68,322	22,365	172,482	121,192
Depreciation	27,068	1,220	1,803	30,091	22,057
Training and Staff Development					
Consulting	49,889	-	-	49,889	58,589
Uniforms	7,877	3,790	834	12,501	14,016
Conferences	81,678	8,113	14,238	104,029	65,116
Travel, Meals and Lodging	628,200	55,068	-	683,268	559,401
Printing	37,325	3,095	17,691	58,111	42,908
Other Training and Staff Development	18,761	845	1,232	20,838	28,913
Administrative and Other					
Compliance	5,887	19,835	-	25,722	40,470
Consulting	321,428	12	187,128	508,568	108,350
Insurance and Other Administrative Expenses	53,451	10,604	7,249	71,304	67,359
Payroll, Bank and Merchant Processing	-	1,577	2,553	4,130	6,652
Postage and Delivery	6,520	5,293	1,240	13,053	24,274
Professional Fees	175,229	68,064	42,481	285,774	219,113
Supplies and Reference Materials	199,914	16,437	17,189	233,540	233,177
Travel, Meals and Lodging	295,447	35,681	138,661	469,789	341,840
Bad Debt Expense	-	47,216	-	47,216	23,250
Total Expenses	\$ 11,132,450	\$ 1,448,744	\$ 2,241,591	\$ 14,822,785	\$ 11,739,774

FOODCORPS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2018 AND 2017

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (2,173,208)	\$ 1,282,604
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	30,091	22,057
Decrease (Increase) in:		
Unconditional Promises to Give	2,939,247	(1,029,720)
Government Grant Receivables	140,754	12,976
Program Service Fees and Other Receivables	63,562	(91,635)
Prepaid Expenses	(82,378)	(71,537)
Security Deposits	(158)	10,776
Increase (Decrease) in:		
Accounts Payable	3,273	53,057
Accrued Expenses	8,706	(76,303)
Credit Cards Payable	13,499	8,908
Unearned Revenue	31,452	(6,952)
Deferred Rent	10,573	-
Accrued Paid Time Off	93,364	46,330
Accrued Salaries and Related Expenses	40,766	83,117
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,119,543	243,678
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(14,041)	(71,233)
NET CASH USED IN INVESTING ACTIVITIES	(14,041)	(71,233)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,105,502	172,445
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,926,224	2,753,779
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,031,726	\$ 2,926,224
SUPPLEMENTAL DISCLOSURE:		
Cash Paid During the Year For:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

See Accompanying Notes to Financial Statements

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2018 AND 2017

NOTE 1 - NATURE OF ORGANIZATION

FoodCorps, Inc. ("FoodCorps" or the "Organization") is a New York nonprofit corporation chartered on November 15, 2010. Through its national staff, partner organizations and the network of emerging leaders in its AmeriCorps public service program, FoodCorps seeks to connect children to healthy food in school. FoodCorps is a nonprofit public charity recognized under section 501(c)(3) of the IRS code.

FoodCorps fielded its seventh class of leaders during the fiscal period under audit, supporting 225 service members and team leads and program coordinators throughout their yearlong term of service and working across 17 states and Washington D.C. to meet the Organization's mission. Together with communities, FoodCorps serves to connect children to healthy food in school.

Hands-On Learning:

- Taught 30,130 kids for 10+ hours - a tipping point to change what kids eat.
- Supported 471 gardens for immersive outdoor learning.

Healthy School Meals:

- 3,386 state tests and promotions in the cafeteria.
- 271 new foods added to the lunch line.

Schoolwide Culture of Health:

- 116 schools created new educational opportunities for staff and families.

The Organization receives the majority of its funding from foundation and government grants, individual donations, corporate sponsorships, and cost-sharing payments from its nonprofit partner organizations.

FoodCorps Service Members are AmeriCorps members who serve with and through the Organization. Each one commits to an eleven and 1/2-month term of paid public service fostering healthy school food environments in limited-resource communities.

FoodCorps team leads and coordinators, the Organization's statewide team leaders who guide and support their state's cohort of service members, assist the Organization in program implementation within their state and region and build statewide capacity for the Organization's programming under the direction of their State Partner or FoodCorps staff management.

State Partners are the state-level partners of the Organization that oversee program implementation in their region. In partnership with FoodCorps, State Partners are also responsible for building and overseeing their state's network of Service Sites, community-level partners that directly supervise a service member or service team. State Partners and Service Site partners can be nonprofit organizations, public schools or districts, government agencies or academic institutions. This year, FoodCorps replaced the State-Partner in Arizona, California, Connecticut, and Massachusetts with FoodCorps staff who took on the role of the State-Partner, managing the program full-time and directly.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Website and Database

Expenditures in relation to the development, modification and maintenance of the Organization's website and database are recorded as expenses in the period in which they were incurred.

Allowance for Doubtful Accounts

The Organization determines whether an allowance for doubtful accounts should be provided for accounts receivable. Such estimates are based on management's assessment of the aged basis of its sources, current economic conditions, subsequent receipts and historical information. Accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At July 31, 2018 and 2017, management determined that no allowance for doubtful accounts is necessary.

Revenue Recognition

Contributions are reported at fair value at the date the contribution is received. Under Accounting Standards Board (FASB) ASC 958, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by donors.

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Accordingly, net assets are classified as unrestricted, temporarily restricted, or permanently restricted based on the designation of the donors.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require special skills and are performed by people with those skills and would otherwise be purchased by the Organization.

Program Service Fees are earned as the participating member hires complete their program year.

Accounts Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until conditions are substantially met.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Fixed assets are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Furniture and Office Equipment	3 to 5 years
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Comparative Information

The financial statements include certain prior-year comparative information that may not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended July 31, 2017, from which the summarized information was derived.

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

It is the Organization's policy to reclassify, where appropriate, prior year financial statements to conform to the current year presentation.

Training and Staff Development

The Organization provides training for its fellows and service members in order for them to effectively carry out its mission on the ground. As part of this training, the Organization hosts an annual training conference. The applicable travel, meals and lodging expenses for this training conference are, accordingly, included in program expenses in the accompanying financial statements.

Financial Statement Presentation

The statements of financial position and of activities focuses on the organization as a whole and report total assets, liabilities, net assets and changes in net assets in accordance with the FASB ASC 958-205, Financial Statements of Not-for-Profit Organizations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

(1) Unrestricted:

Net assets that are either not subject to donor-imposed stipulations or have been reclassified from temporarily restricted net assets because donor restrictions have either expired or been met.

(2) Temporarily Restricted:

Net assets that carry donor-imposed restrictions that expire upon the passage of time or upon occurrence of a stated event as specified by the donor. Net assets released from restrictions represent the satisfaction of the restricted purpose.

(3) Permanently Restricted:

Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted assets at July 31, 2018.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is subject to routine audits by various federal, state and local taxing authorities; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2015.

The financial statements effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the Statement of Activities.

Employee Benefit Plan

Eligible employees are invited to participate in the Organization's 401(k) plan. The Organization provides a 50% match on each employee's total contribution up to \$3,000 per year. Matches are assessed on a calendar year basis. Fellows are not eligible for the 401(k) benefit.

Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications based upon benefits received in ratios determined by management.

Rent Expense

The Organization records rent expense associated with its office lease on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying consolidated financial statements.

FOODCORPS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2018 AND 2017**

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment by major classification is summarized as follows:

	<u>2018</u>	<u>2017</u>
Furniture and Office Equipment	\$ 217,268	\$ 203,227
Less: Accumulated Depreciation	<u>115,729</u>	<u>85,638</u>
Property and Equipment, Net	<u>\$ 101,539</u>	<u>\$ 117,589</u>

Depreciation expense for the years ended July 31, 2018 and 2017 was \$30,091 and \$22,057, respectively.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Certain grants and contracts may be subject to audit by funding sources. Such audits may result in disallowance of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

The Organization may be involved in legal actions arising in the ordinary course of its business. It is the opinion of Management that such actions will be resolved without material effect on the Organization's financial position.

NOTE 5 - LEASE COMMITMENTS AND RENTAL EXPENSE

The Organization leases office and program space under various operating leases expiring at various dates through the fiscal year end 2024.

Future minimum lease payments are as follows:

Year Ended July 31,	
2019	\$ 407,265
2020	498,842
2021	438,859
2022	406,929
2023 and thereafter	<u>923,046</u>
Total	<u>\$ 2,674,941</u>

Rent expense for the years ended July 31, 2018 and 2017 was \$357,764 and \$352,068, respectively.

NOTE 6 - EMPLOYEE BENEFIT PLANS

During the years ended July 31, 2018 and 2017, the Organization contributed \$153,808 and \$105,875, respectively, to the 401(k) plan to meet the 50% employer match.

NOTE 7 - UNEARNED REVENUE

As of July 31, 2018 and 2017, unearned revenue from program service fees was \$49,500 and \$18,048, respectively.

NOTE 8 - VOLUNTEER SERVICES

During the years ended July 31, 2018 and 2017, many individuals volunteered their time and performed a variety of tasks that assisted the Organization. However, these services do not meet the criteria for recognition as contributed services.

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2018 AND 2017

NOTE 9 - RELATED PARTIES

During the years ended July 31, 2018 and 2017, various members of the Organization's board of directors also served on the boards of unrelated organizations that contributed to the Organization and have pledged donations of \$268,535 and \$512,355, respectively. During the years ended July 31, 2018 and 2017, various staff members of the Organization pledged donations in the amount of \$6,691 and \$10,101, respectively. During the years ended July 31, 2018 and 2017, relatives of the board of directors and staff pledged donations in the amounts of \$526,632 and \$978,460, respectively. Additionally, during the year ended July 31, 2017, the Organization received a contract in the amount of \$75,000 for services from an organization in which a board member holds the position of President and CEO.

NOTE 10 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents accounts in financial institutions, which, from time to time, may exceed the Federal Depository Insurance Coverage limit. As of July 31, 2018 and 2017, cash and cash equivalents exceeding federally insured limits totaled \$3,604,960 and \$2,455,649, respectively. In assessing its risk, the Organization's policy is to maintain funds only with reputable financial institutions, and management believes the risk of losses is minimal.

Grants and contributions received from a single funder may, at times, exceed 20% of total support. The Organization assesses credit risk related to such grants on a contract-by-contract basis.

NOTE 11 - DONATED SERVICES AND DONATIONS IN-KIND

Donated goods and services that meet the requirements for recognition are recorded as revenue and expenses in the accompanying statement of activities. The Organization received donated food of \$15,000 and \$0 for the years ending July 31, 2018 and 2017, respectively. For the years ended July 31, 2018 and 2017, the Organization received donated legal services totaling \$29,017 and \$33,342, respectively. These products and services are included in training and staff development and professional fees in the accompanying financial statements, respectively. The values of the food and legal services are based upon estimates provided by the donors.

On December 31, 2017, the Organization entered into an agreement with Tides Center, a fiscal sponsor that assigned, transferred, conveyed and contributed certain assets and liabilities of the School Food Focus.

NOTE 12 - UNCONDITIONAL PROMISES TO GIVE

Contributions receivable, including multi-year commitments, were discounted to net present value using a discount rate of 2%. Contributions receivable as of July 31, 2018 and 2017 consisted of the following:

Amount Due In:	<u>2018</u>	<u>2017</u>
Less Than One Year	\$ 1,770,850	\$ 4,383,467
One to Three Years	2,241,000	1,940,000
Four to Six Years	<u>1,200,000</u>	<u>1,800,000</u>
Total	5,211,850	8,123,467
Less: Discount to Present Value	<u>269,517</u>	<u>241,887</u>
Total Contributions Receivable, Net	<u>\$ 4,942,333</u>	<u>\$ 7,881,580</u>

NOTE 13 - NET ASSETS

Unrestricted

As of July 31, 2018 and 2017, the Organization had \$3,286,633 and \$2,001,020 in unrestricted net assets, respectively. Unrestricted grants include amounts received from federal agencies, which are for use in the furthering of the Organization's mission. Unearned amounts from such grants have not been accrued in the accompanying financial statements.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2018 AND 2017

NOTE 13 - NET ASSETS (CONTINUED)

Temporarily Restricted

As of July 31, 2018 and 2017, the total temporarily restricted net assets of \$5,952,444 and \$9,411,265, respectively, were available for the following purposes:

	<u>Beginning of Fiscal Year</u>	<u>Contributions</u>	<u>Released</u>	<u>End of Fiscal Year</u>
FYE 2018 Programming Support	\$ 2,110,000	\$ 232,054	\$ 2,342,054	\$ -
Purpose Restriction – State Specific	922,927	1,118,438	1,480,131	561,234
Time Restriction Multi-Year FYE 2016-2024	6,353,338	2,616,869	3,578,997	5,391,210
Time Restriction FYE 2018	25,000	-	25,000	-
	<u>\$ 9,411,265</u>	<u>\$ 3,967,361</u>	<u>\$ 7,426,182</u>	<u>\$ 5,952,444</u>

Temporarily restricted net assets are available for the following time periods:

	<u>Purpose Restriction - State Specific</u>	<u>Time Restriction Multi-Year FYE 2016-2024</u>	<u>Total</u>
2019	\$ 561,234	\$ 2,313,478	\$ 2,874,712
2020	-	818,540	818,540
2021	-	660,686	660,686
2022	-	548,765	548,765
2023	-	532,678	532,678
2024	-	517,063	517,063
	<u>\$ 561,234</u>	<u>\$ 5,391,210</u>	<u>\$ 5,952,444</u>

Permanently Restricted

As of July 31, 2018 and 2017, the Organization had no permanently restricted net assets.

NOTE 14 - BAD DEBT EXPENSE

Bad debt expense for years ending July 31, 2018 and 2017 totaled \$47,216 and \$23,250, respectively.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 21, 2019, which is the date the financial statements were available to be issued and determined no adjustments to the financial statements or additional disclosures are necessary.

FOODCORPS, INC.
SUPPLEMENTARY INFORMATION
UNIFORM GUIDANCE REPORTS
YEAR ENDED JULY 31, 2018

FOODCORPS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2018

Federal Grantor / Program Title	Contract Number	Federal CFDA Number	Government Revenue Federal	Program Expenditures from Governmental Revenue	Payments to Subrecipients
United States Department of Agriculture Food and Nutrition Service					
Direct Program					
New Jersey Farm to School Grant Program	CN-F2S-SS-OR-16	10.575	\$ 2,847	\$ 2,847	-
Corporation for National and Community Service					
Direct Program					
AmeriCorps National Fixed Amount Grant	14EDHNY001	94.006 *	1,369,305	1,369,305	-
Pass Through					
State of Montana, Governor's Office of Community Service	DLISFY16CONOCS-7	94.006 *	127,130	127,130	-
Connecticut Commission on Community Service	16ESHCT001	94.006 *	230,242	230,242	-
University of Hawaii	16FXHHI001	94.006 *	119,700	119,700	-
Massachusetts Service Alliance	16AFHMA001	94.006 *	195,002	195,002	-
New Jersey Department of State/AmeriCorps - NJCNCS	AC17COMPFIXED-002	94.006 *	151,320	151,320	-
NYS Office of Children and Family Services	C027740	94.006 *	119,600	119,600	-
Mississippi Commission for Volunteer Service	16ESHMS0010001	94.006 *	104,721	104,721	-
			<u>2,417,020</u>	<u>2,417,020</u>	
			<u>\$ 2,419,867</u>	<u>\$ 2,419,867</u>	<u>\$ -</u>

* Major Program

FOODCORPS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JULY 31, 2018

1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of FoodCorps, Inc. under programs of the federal government for the year ended July 31, 2018. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of FoodCorps Inc. it is not intended to and does not present the financial position, change in net assets, or cash flows of FoodCorps Inc.

2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards of FoodCorps, Inc. is presented on the accrual basis of accounting.

3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

4) Indirect Cost Rate

FoodCorps Inc. has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
FoodCorps, Inc.
New York, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of FoodCorp Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered FoodCorp Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FoodCorp Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of FoodCorp Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FoodCorp Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rosenberg + Manente PLLC

Rosenberg and Manente, PLLC
Certified Public Accountants

New York, NY
February 21, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Director
FoodCorps, Inc.
New York, New York

Report on Compliance for Each Major Federal Program

We have audited FoodCorps, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of FoodCorps, Inc.'s major federal programs for the year ended July 31, 2018. FoodCorps, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of FoodCorps, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about FoodCorps, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of FoodCorps, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, FoodCorps, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2018.

Report on Internal Control Over Compliance

Management of FoodCorps, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered FoodCorps, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of FoodCorps, Inc.'s internal control over compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rosenberg + Manente PLLC

Rosenberg and Manente, PLLC
Certified Public Accountants

New York, NY
February 21, 2019

FOODCORP INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JULY 31, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Award

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on
Compliance for major programs Unmodified

Any audit findings disclosed that are
Required to be reported in accordance with
Section CFR 200.516(a) of the Uniform Guidance? _____ yes X no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
94.006	AmeriCorps National Fixed Amount

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ X yes _____ no

FOODCORP INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JULY 31, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There are no finding required to be reported in accordance with Generally Accepted Government Auditing Standards.

SECTION IV - SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None