



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020



Independent Auditors' Report

Board of Directors
Civil Eats
Cotati, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Civil Eats, which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expense 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. 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 auditors' 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 auditors consider internal control relevant to Civil Eats' 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 Civil Eats' 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.

Report on the Financial Statements (Continued)

Auditors' Responsibility (Continued)

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 Civil Eats as of December 31, 2020, 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.



Bethesda, Maryland
November 4, 2021

Certified Public Accountants

Civil Eats

**Statement of Financial Position
December 31, 2020**

Assets

Cash	\$ 983,174
Contributions Receivable	435,000
Prepaid Expenses	4,598
Property and Equipment, Net	<u>15,000</u>
Total Assets	<u>\$ 1,437,772</u>

Liabilities and Net Assets

Liabilities	\$ -
Net Assets	
Without Donor Restrictions	1,002,772
With Donor Restrictions	<u>435,000</u>
Total Net Assets	<u>1,437,772</u>
Total Liabilities and Net Assets	<u>\$ 1,437,772</u>

Civil Eats

**Statement of Activities
For The Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Grants and Contributions	\$ 1,429,722	\$ 435,000	\$ 1,864,722
Contract Services	4,150	-	4,150
Total Revenues and Support	1,433,872	435,000	1,868,872
Expenses			
Program	362,007	-	362,007
Supporting Services			
General and Administrative	61,245	-	61,245
Fundraising	7,848	-	7,848
Total Supporting Services	69,093	-	69,093
Total Expenses	431,100	-	431,100
Change in Net Assets	1,002,772	435,000	1,437,772
Net Assets, Beginning of Year	-	-	-
Net Assets, End of Year	\$ 1,002,772	\$ 435,000	\$ 1,437,772

See Accompanying Notes to Financial Statements

Civil Eats

Statement of Functional Expenses For The Year Ended December 31, 2020

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Professional Fees	\$ 356,153	\$ 56,957	\$ -	\$ 413,110
Insurance	229	1,835	-	2,064
Office Expense	302	2,453	7,848	10,603
Marketing	5,107	-	-	5,107
Meetings	216	-	-	216
Total	\$ 362,007	\$ 61,245	\$ 7,848	\$ 431,100

See Accompanying Notes to Financial Statements

Civil Eats

Statement of Cash Flows For The Year Ended December 31, 2020

Cash Flows from Operating Activities

Increase (Decrease) in Net Assets	\$ 1,437,772
<u>(Increase) Decrease in Assets</u>	
Contributions Receivable	(435,000)
Prepaid Expenses	<u>(4,598)</u>
Net Cash Provided By (Used In) Operating Activities	<u>998,174</u>

Cash Flows from Investing Activities

Purchase of Investments	<u>\$ (15,000)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(15,000)</u>

Increase (Decrease) in Cash 983,174

Cash, Beginning of Year -

Cash, End of Year **\$ 983,174**

See Accompanying Notes to Financial Statements

Civil Eats

Notes to Financial Statements December 31, 2020

1. ORGANIZATION

Civil Eats (Civil Eats) is a nonprofit news organization founded in 2009 with more 150 contributors who report on the evolving food landscape from Capitol Hill to Main Street. Civil Eats is a daily news source for critical thought about the American food system. Civil Eats publishes stories that shift the conversation around sustainable agriculture in an effort to build economically and socially just communities.

During 2020, Civil Eats became an independent organization and began operating outside of its fiscal sponsor arrangement.

The coronavirus (COVID-19) outbreak in the United States commenced prior to Civil Eats' fiscal year-end and has directly impacted its operations since early spring 2020. The COVID-19 pandemic caused a broad and negative impact on commerce and financial markets around the world including travel restrictions and limits on in-person gatherings.

Accordingly, the extent to which COVID-19 may impact Civil Eats' financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of Civil Eats have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires Civil Eats to report information regarding its financial position and activities according to the following net asset classifications:

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 Civil Eats. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Civil Eats or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Civil Eats

Notes to Financial Statements December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Contributions Receivable

Unconditional contributions receivable are recognized as revenue in the year promised. Conditional pledges to give are recognized when the conditions on which they depend are met.

Unconditional contributions receivable are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and Civil Eats' historical collection experience. There was no allowance for doubtful accounts as of December 31, 2020.

Property and Equipment

Civil Eats follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$2,000. Depreciation and amortization is charged to activities using the straight-line method over the estimated useful lives of each asset. Civil Eats has capitalized the costs to build its website. The website was not operational as of year-end so amortization expense has not been recorded.

Revenue Recognition

Grants and contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field. Management considers all outstanding contributions receivable amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, office expenses have been allocated among the programs and supporting services benefits allocated on the basis of employee time and effort.

Civil Eats

Notes to Financial Statements December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Civil Eats is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Civil Eats may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Civil Eats and various positions related to the potential sources of unrelated business taxable income (UBIT).

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities at December 31, 2020.

Civil Eats' policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during 2020.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

Subsequent Events

Management has evaluated subsequent events through November 4, 2021 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

Civil Eats maintains its cash at a federally insured financial institution. As of December 31, 2020, Civil Eats exceeded the FDIC limit by approximately \$717,000.

Civil Eats

Notes to Financial Statements December 31, 2020

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional, without donor purpose-restrictions and expected to be collected as follows as of December 31, 2020:

2021	\$	233,750
2022		101,250
2023		<u>100,000</u>
	\$	<u>435,000</u>

A discount on the contributions receivable has not been recorded.

5. NET ASSETS

Net assets with donor restrictions as of and for the year ended December 31, 2020 are as follows:

	Beginning of Year	Contributions	Releases	End of Year
Time Restricted	\$ -	\$ 435,000	\$ -	\$ 435,000

As of December 31, 2020, net assets without donor restrictions were undesignated.

6. LIQUIDITY AND AVAILABILITY

The following represents Civil Eats' financial assets at December 31, 2020:

Financial Assets at Year End:

Cash	\$	983,174
Contributions Receivable		<u>233,750</u>
Total Financial Assets		1,216,924

Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	(435,000)
Restricted Net Assets To Be Used Within One Year	<u>233,750</u>
	<u>(201,250)</u>

Financial Assets Available to Meet General Expenditures
Over the Next Twelve Months

\$ 1,015,674

As part of Civil Eats' liquidity management plan, cash in excess of daily requirements is income generating accounts.