

THE NASHVILLE FOOD PROJECT, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2020 AND 2019

THE NASHVILLE FOOD PROJECT, INC.

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Nashville Food Project, Inc.
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of The Nashville Food Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Nashville Food Project, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Nashville Food Project, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Nashville Food Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ABC Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Nashville Food Project, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bellenfant, PLLC

Nashville, Tennessee
March 31, 2021

THE NASHVILLE FOOD PROJECT, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,768,641	\$ 719,864
Accounts Receivable	106,375	118,955
Contributions Receivable, current portion	66,800	441,375
Prepaid Expenses	23,908	18,525
Other Assets	4,303	11,099
	<hr/>	<hr/>
Total Current Assets	1,970,027	1,309,818
	<hr/>	<hr/>
FIXED ASSETS		
Land	555,372	555,372
Buildings and Improvements	3,151,039	3,151,439
Furniture, Fixtures, and Equipment	740,029	788,462
Less: Accumulated Depreciation	(444,540)	(284,685)
	<hr/>	<hr/>
Fixed Assets, net	4,001,900	4,210,588
	<hr/>	<hr/>
NONCURRENT ASSETS		
Contributions Receivable, noncurrent portion	10,000	20,000
	<hr/>	<hr/>
Total Noncurrent Assets	10,000	20,000
	<hr/>	<hr/>
Total Assets	<u>\$ 5,981,927</u>	<u>\$ 5,540,406</u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

THE NASHVILLE FOOD PROJECT, INC.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2020 AND 2019

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 21,283	\$ 6,535
Accrued Payroll	85,939	57,690
PPP Loan Payable	203,192	-
Notes Payable, current portion	<u>127,265</u>	<u>120,942</u>
 Total Current Liabilities	 <u>437,679</u>	 <u>185,167</u>
 LONG-TERM LIABILITIES		
Notes Payable, noncurrent portion	<u>363,135</u>	<u>862,325</u>
 Total Long-Term Liabilities	 <u>363,135</u>	 <u>862,325</u>
 Total Liabilities	 <u>800,814</u>	 <u>1,047,492</u>
 NET ASSETS		
Net Assets Without Donor Restrictions	5,104,313	4,031,539
Net Assets With Donor Restrictions	<u>76,800</u>	<u>461,375</u>
 Total Net Assets	 <u>5,181,113</u>	 <u>4,492,914</u>
 Total Liabilities and Net Assets	 <u><u>\$ 5,981,927</u></u>	 <u><u>\$ 5,540,406</u></u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

THE NASHVILLE FOOD PROJECT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Public Support			
Contributions	\$ 2,297,183	\$ 21,277	\$ 2,318,460
Gifts In-Kind	699,463	-	699,463
Special Event Revenue, net of direct benefit costs of \$11,040	171,597	-	171,597
Grant Revenue	104,490	-	104,490
Net assets released from restrictions	405,852	(405,852)	-
	<u>3,678,585</u>	<u>(384,575)</u>	<u>3,294,010</u>
Revenue			
Food Access Program	313,263	-	313,263
Other Income	33,214	-	33,214
Gain (Loss) on Disposal of Fixed Assets	(83,201)	-	(83,201)
	<u>263,276</u>	<u>-</u>	<u>263,276</u>
Total Public Support and Revenue	<u>\$ 3,941,861</u>	<u>\$ (384,575)</u>	<u>\$ 3,557,286</u>
EXPENSES			
Program Services	\$ 2,344,481	\$ -	\$ 2,344,481
Management and General	149,737	-	149,737
Fundraising	374,869	-	374,869
	<u>2,869,087</u>	<u>-</u>	<u>2,869,087</u>
Change in Net Assets	1,072,774	(384,575)	688,199
Net Assets, beginning of the year	<u>4,031,539</u>	<u>461,375</u>	<u>4,492,914</u>
Net Assets, end of the year	<u><u>\$ 5,104,313</u></u>	<u><u>\$ 76,800</u></u>	<u><u>\$ 5,181,113</u></u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

THE NASHVILLE FOOD PROJECT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Public Support			
Contributions	\$ 766,607	\$ 366,809	\$ 1,133,416
Gifts In-Kind	469,870	-	469,870
Special Event Revenue, net of direct benefit costs of \$56,765	250,056	-	250,056
Grant Revenue	23,910	-	23,910
Net assets released from restrictions	1,163,954	(1,163,954)	-
	<u>2,674,397</u>	<u>(797,145)</u>	<u>1,877,252</u>
Total Public Support			
	<u>2,674,397</u>	<u>(797,145)</u>	<u>1,877,252</u>
Revenue			
Meals Program	557,462	-	557,462
Other Income	17,777	-	17,777
	<u>575,239</u>	<u>-</u>	<u>575,239</u>
Total Revenue			
	<u>575,239</u>	<u>-</u>	<u>575,239</u>
Total Public Support and Revenue	<u>\$ 3,249,636</u>	<u>\$ (797,145)</u>	<u>\$ 2,452,491</u>
EXPENSES			
Program Services	\$ 1,928,664	\$ -	\$ 1,928,664
Management and General	112,596	-	112,596
Fundraising	383,889	-	383,889
	<u>2,425,149</u>	<u>-</u>	<u>2,425,149</u>
Total Expenses			
	<u>2,425,149</u>	<u>-</u>	<u>2,425,149</u>
Change in Net Assets	824,487	(797,145)	27,342
Net Assets, beginning of the year	<u>3,207,052</u>	<u>1,258,520</u>	<u>4,465,572</u>
Net Assets, end of the year	<u><u>\$ 4,031,539</u></u>	<u><u>\$ 461,375</u></u>	<u><u>\$ 4,492,914</u></u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

THE NASHVILLE FOOD PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 893,874	\$ 55,264	\$ 290,898	\$ 1,240,036
Program Supplies, including in-kind of \$643,690	950,410	-	-	950,410
Capital Project	-	-	60,581	60,581
Rent and Utilities, including in-kind of \$52,000	113,534	-	-	113,534
Professional Services, including in-kind of \$3,773	-	47,686	-	47,686
Depreciation	215,322	-	-	215,322
Development	7,093	-	5,225	12,318
Equipment and Maintenance	48,152	-	-	48,152
Insurance	7,453	-	-	7,453
Printing and Postage	-	-	5,519	5,519
Processing Fees	-	6,031	12,591	18,622
Telephone	-	8,574	-	8,574
Dues and Subscriptions	-	2,006	-	2,006
Travel	26,775	120	55	26,950
Contract Labor	72,935	-	-	72,935
Office Expense	8,933	30,056	-	38,989
Total Expenses	<u>\$ 2,344,481</u>	<u>\$ 149,737</u>	<u>\$ 374,869</u>	<u>\$ 2,869,087</u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

THE NASHVILLE FOOD PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 817,921	\$ 36,713	\$ 188,723	\$ 1,043,357
Program Supplies, including in-kind of \$413,852	708,748	-	-	708,748
Capital Project	-	-	143,506	143,506
Rent and Utilities, including in-kind of \$52,000	102,851	-	-	102,851
Professional Services, including in-kind of \$4,018	-	52,308	-	52,308
Depreciation	197,980	-	-	197,980
Development	9,826	-	9,719	19,545
Equipment and Maintenance	35,570	-	-	35,570
Insurance	4,051	-	-	4,051
Printing and Postage	-	-	5,020	5,020
Processing Fees	-	3,856	5,684	9,540
Telephone	-	7,277	-	7,277
Dues and Subscriptions	-	1,992	-	1,992
Travel	19,466	532	314	20,312
Contract Labor	24,983	868	30,923	56,774
Office Expense	7,268	9,050	-	16,318
Total Expenses	<u>\$ 1,928,664</u>	<u>\$ 112,596</u>	<u>\$ 383,889</u>	<u>\$ 2,425,149</u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

THE NASHVILLE FOOD PROJECT, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2020</u>	<u>2019</u>
Change in Net Assets	\$ 688,199	\$ 27,342
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	215,322	197,980
(Gain) Loss on Disposal of Assets	83,201	-
(Increase) Decrease in:		
Accounts Receivable	12,580	49,297
Contributions Receivable	384,575	436,809
Prepaid Expenses	(5,383)	(16,917)
Other Assets	6,796	(3,199)
Increase (Decrease) in:		
Accounts Payable	14,748	(468,142)
Accrued Payroll	28,249	30,378
Net Cash Provided (Used) by Operating Activities	<u>1,428,287</u>	<u>253,548</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchase) of Fixed Assets	<u>(89,835)</u>	<u>(151,563)</u>
Net Cash Provided (Used) by Investing Activities	<u>(89,835)</u>	<u>(151,563)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of PPP Loan Payable	203,192	-
Draws (Payments) on Notes Payable	<u>(492,867)</u>	<u>(937)</u>
Net Cash Provided (Used) by Financing Activities	<u>(289,675)</u>	<u>(937)</u>
Net Increase (Decrease) in Cash	1,048,777	101,048
Cash and Cash Equivalents, beginning of the year	<u>719,864</u>	<u>618,816</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 1,768,641</u></u>	<u><u>\$ 719,864</u></u>
Supplementary Information		
Interest Paid	<u><u>\$ 38,116</u></u>	<u><u>\$ 55,413</u></u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Nashville Food Project, Inc. (the “Organization”) was established in 2011 to bring people together to grow, cook, and share nourishing food with the goal of alleviating hunger in Nashville, Tennessee. The Organization uses recovered, donated, and garden-grown food to prepare and cook healthy, hot meals. Those meals, along with produce grown in the Organization’s gardens, are distributed to people in need. The Organization also shares its resources with others interested in growing their own food.

Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Organization had \$5,104,313 and \$4,031,539 of net assets without donor restrictions as of December 31, 2020 and 2019, respectively.

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had \$76,800 and \$461,375 of net assets with donor restrictions as of December 31, 2020 and 2019, respectively.

Revenue Recognition

The Organization’s revenues are derived from fee-for-service contracts and cost-reimbursable grant contracts with the State of Tennessee, and are recognized as revenue when persuasive evidence of an arrangement existed, delivery of products or services had occurred, the sales price was fixed or determinable and collectability was reasonably assured in accordance with Accounting Standards Codification 605, Revenue Recognition (ASC 605).

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of twelve months or less to be cash and cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

Fixed Assets

Fixed assets are recorded at cost or, if donated, at their estimated fair value at the date of donation, if cost or fair value is greater than \$5,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives of major classes of fixed assets range from 3 to 10 years.

Public Support

The Organization receives public support in the form of cash contributions, unconditional promises to give, gifts-in-kind, and donated services. The Organization generally recognizes public support in the year contributed at fair value, with gifts-in-kind determined as follows:

Gifts-in-Kind – Primarily includes donated food. The value of donated food is recognized at estimated fair value on the date it is received with a corresponding expense for program services when consumed. The value of donated food is calculated at pounds donated times a standard rate. The standard rate used for 2020 was generally \$2.90 per pound. The standard rate used for 2019 was generally \$2.81 pound. Other assets donated are recorded at estimated fair value on the date received.

Donated Services – The Organization generally does not recognize donated services unless the services:

- a) create or enhance a non-financial asset (such as a building), or
- b) are specialized skills provided by entities or persons possessing those skills and would be purchased if they were not donated.

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support (Continued)

Donated Facilities - During 2018, the Organization conducted its primary operations from a facility located on the campus of Woodmont Christian Church (the “Church”). The Church provided such space rent free to the Organization. Additionally, another not-for-profit organization donated space for expanded operations of the Organization at a second location. The Organization recorded both contribution income and rent expense for the fair value of use of these facilities. In January 2019, the Organization moved its operations to its newly constructed facility in West Nashville.

Meals Program Revenue

The Organization has entered into contracts with various third parties under which the Organization will provide meals under specific conditions for a fee. Revenue is recognized in accordance with the contracts, which are generally based on the number of meals provided. Such arrangements are typically one year or less in duration.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While most costs have been directly assigned to a functional category, certain salaries and wages have been allocated to program, management and general, and fundraising based primarily on time and effort estimates made by management. The Organization considers all program activities relating to its purpose as a single program.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. 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.

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

The Organization files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Organization's returns for the years prior to calendar year 2017 are no longer open for examination.

Accounting Policies for Future Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending December 31, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

2. CAPITAL CAMPAIGN

During 2016, the Organization began a capital campaign effort to, among other things, raise funds for the purchase of land and construction of a new facility. The Organization began primary construction on the property in 2018 and moved into the new facility in January 2019.

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

3. CONTRIBUTIONS RECEIVABLE

At December 31, 2020 and 2019, contributions receivable totaled \$76,800 and \$461,375, respectively. Management considers all contributions receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been provided. In addition, discounts of long-term contributions receivable are not significant to the financial statements and have not been recorded. Contributions receivable are scheduled to be received as follows at December 31:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 66,800	\$ 441,375
Receivable in one to five years	10,000	20,000
	<u><u>\$ 76,800</u></u>	<u><u>\$ 461,375</u></u>

4. PPP LOAN PAYABLE

In response to the pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and it was signed into law on March 27, 2020. The CARES Act implemented the Payroll Protection Program (PPP), which provides loans to small businesses and charitable organization to keep their employees on payroll. The Organization obtained a PPP loan for \$203,192 on April 20, 2020.

The balance on the PPP Loan Payable was \$203,192 as of December 31, 2020 and has been forgiven in full as of January 12, 2021.

5. LINE OF CREDIT

The Organization opened a \$300,000 line of credit on June 23, 2020 with First Horizon Bank. The line bears interest at the prime interest rate as published by the Wall Street Journal plus 1%, and is secured by the business assets of the Organization. The line is subject to monthly interest only payments, with any outstanding principal due at maturity at the end of June 2021. As of December 31, 2020, there were no outstanding draws on the line of credit.

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

6. NOTE PAYABLE

During April 2018, the Organization entered into a construction loan with a maximum available amount of \$2,100,000. The proceeds of the loan were used, in conjunction with the capital campaign contributions, to construct the Organization's current facility for use as headquarters for its food services and offices. In May 2019, the construction loan converted to a promissory note, which bears a fixed interest rate of 4.99%, with principal and interest payments due monthly. The note, secured by a deed of trust on the Organization's land and building, matures April 25, 2024, at which time any outstanding principal balance and accrued interest shall be due and payable in full.

Principal maturities on the note at December 31, 2020 are as follows:

<u>Years Ending December 31,</u>	
2021	\$ 127,265
2022	133,910
2023	140,894
2024	88,331
	<u>\$ 490,400</u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give due in future periods	\$ 50,000	\$ 80,000
Capital campaign, including unconditional promises to give due in future periods	26,800	381,375
	<u>\$ 76,800</u>	<u>\$ 461,375</u>

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

8. STATE OF TENNESSEE GRANT

In December 2017, the Organization entered into a grant contract with the state of Tennessee Department of Environment and Conservation (the “State”) to expand collaboration efforts resulting in the reduction of food waste in the Middle Tennessee region. Such reduction is to be accomplished through the purchase of equipment to allow the Organization to expand ongoing food recovery, distribution, and composting, as well as implement several recycling and whole food initiatives. Under the terms of the grant, which extends for five years, the Organization will receive a maximum of \$176,655 from the State with an equal match required by the Organization for a total project cost of \$353,310.

In connection with the agreement described above, the Organization entered into a memorandum of understanding with the One Generation Away (“One Gen”) in April 2018 to, among other things, collaborate in fulfilling the Organization’s initiatives as described in the State contract.

During 2018, the Organization purchased and capitalized equipment costs totaling \$313,464, under the terms of the grant. Of this amount spent, \$134,161 was reimbursable by the State and was recognized as grant revenue.

During February 2020, the Organization received an amendment to the State contract that transferred ownership of equipment acquired under the grant of \$138,668 to One Gen. As a result, the Organization has recorded a loss on disposal of fixed assets of \$83,201.

9. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Company up to statutory limits. Management believes the Organization is not exposed to any significant credit risk on its cash balances. Uninsured balances at December 31, 2020 and 2019 totaled approximately \$1,220,101 and \$476,714, respectively.

10. LEASES

The Organization has entered into short-term leases for various gardening plots. The leases require total annual payments of approximately \$3,600 and extend through 2021. Rent and utilities expenses for these locations for the year ended December 31, 2020 and 2019 approximated \$8,200 and \$9,000, respectively.

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

11. GIFTS-IN-KIND AND DONATED SERVICES

As described in Note 1, the Organization receives various noncash gifts, primarily food, and recognizes them as public support as the gifts are utilized. Generally, these gifts-in-kind are utilized in the same year they are received. Gifts-in-kind received, distributed, and capitalized are summarized as follows for the years ended December 31:

Gifts-in-kind received:	<u>2020</u>	<u>2019</u>
Supplies	\$ 643,690	\$ 413,852
Facilities	52,000	52,000
Professional Services	3,773	4,018
	<u>\$ 699,463</u>	<u>\$ 469,870</u>

As described in Note 1, the Organization has recognized contributions of gifts-in-kind for donated professional services and recorded the services at their estimated fair value. These services primarily include accounting fees.

In addition, a substantial number of non-professional volunteers have donated significant amounts of their time to the Organization's program services; however, the fair value of these services has not been reflected in the accompanying financial statements as such services do not meet the criteria for recognition.

12. UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, the Organization has temporarily not been able to continue a portion of its community involvement activities. The decrease in activity has been offset by an increased amount of contributions. In addition, the extent to which these events will affect the amounts reported in future financial statements remains uncertain.

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

13. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets, at year-end:	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,768,641	\$ 719,864
Accounts Receivable	106,375	118,955
Contributions Receivable	66,800	441,375
Less: amounts not available to be used within one year due to purpose restrictions	<u>(76,800)</u>	<u>(461,375)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,865,016</u></u>	<u><u>\$ 818,819</u></u>

There is an adequate amount of financial assets available as of December 31, 2020 and 2019. The Organization effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 31, 2021, which is the date the financial statements were available to be issued.