

**THE NASHVILLE FOOD PROJECT, INC.**

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

**DECEMBER 31, 2019 AND 2018**

# THE NASHVILLE FOOD PROJECT, INC.

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**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

## **INDEPENDENT AUDITOR'S REPORT**

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

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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

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

## **Report on Prior-Period Financial Statements**

The financial statements of The Nashville Food Project, Inc. as of December 31, 2018, and for the year then ended were audited by Cherry Bekaert, LLP. Those auditors expressed an unqualified opinion on those financial statements in their report dated March 24, 2020.

*Bellenfant, PLLC*

Brentwood, Tennessee  
June 30, 2020

**THE NASHVILLE FOOD PROJECT, INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019 AND 2018**

**ASSETS**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 719,864	\$ 618,816
Accounts Receivable	118,955	168,252
Contributions Receivable, current portion	441,375	499,362
Prepaid Expenses	18,525	1,608
Other Assets	<u>11,099</u>	<u>7,900</u>
Total Current Assets	<u>1,309,818</u>	<u>1,295,938</u>
<b>FIXED ASSETS</b>		
Land	555,372	555,116
Buildings and Improvements	3,151,439	-
Furniture, Fixtures, and Equipment	788,462	769,072
Construction in Progress	<u>-</u>	<u>3,030,047</u>
Less: Accumulated Depreciation	<u>(284,685)</u>	<u>(97,230)</u>
Fixed Assets, net	<u>4,210,588</u>	<u>4,257,005</u>
<b>NONCURRENT ASSETS</b>		
Contributions Receivable, noncurrent portion	<u>20,000</u>	<u>398,822</u>
Total Noncurrent Assets	<u>20,000</u>	<u>398,822</u>
Total Assets	<u><u>\$ 5,540,406</u></u>	<u><u>\$ 5,951,765</u></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, 2019 AND 2018**

**LIABILITIES AND NET ASSETS**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 6,535	\$ 474,677
Accrued Payroll	57,690	27,312
Notes Payable, current portion	<u>120,942</u>	<u>77,322</u>
Total Current Liabilities	<u>185,167</u>	<u>579,311</u>
<b>LONG-TERM LIABILITIES</b>		
Notes Payable, noncurrent portion	<u>862,325</u>	<u>906,882</u>
Total Long-Term Liabilities	<u>862,325</u>	<u>906,882</u>
Total Liabilities	<u>1,047,492</u>	<u>1,486,193</u>
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	4,031,539	3,207,052
Net Assets With Donor Restrictions	<u>461,375</u>	<u>1,258,520</u>
Total Net Assets	<u>4,492,914</u>	<u>4,465,572</u>
Total Liabilities and Net Assets	<u><u>\$ 5,540,406</u></u>	<u><u>\$ 5,951,765</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**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUE</b>			
<b>Public Support</b>			
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>
<b>Revenue</b>			
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>
<b>EXPENSES</b>			
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 ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUE</b>			
<b>Public Support</b>			
Contributions	\$ 370,928	\$ 1,847,682	\$ 2,218,610
Gifts In-Kind	522,022	-	522,022
Special Event Revenue, net of direct benefit costs of \$32,824	204,947	-	204,947
Grant Revenue	134,161	-	134,161
Net assets released from restrictions	<u>2,294,259</u>	<u>(2,294,259)</u>	<u>-</u>
Total Public Support	<u>3,526,317</u>	<u>(446,577)</u>	<u>3,079,740</u>
<b>Revenue</b>			
Meals Program	324,639	-	324,639
Other Income	<u>20,769</u>	<u>-</u>	<u>20,769</u>
Total Revenue	<u>345,408</u>	<u>-</u>	<u>345,408</u>
Total Public Support and Revenue	<u>\$ 3,871,725</u>	<u>\$ (446,577)</u>	<u>\$ 3,425,148</u>
<b>EXPENSES</b>			
Program Services	\$ 1,454,894	\$ -	\$ 1,454,894
Management and General	138,142	-	138,142
Fundraising	<u>240,305</u>	<u>-</u>	<u>240,305</u>
Total Expenses	<u>1,833,341</u>	<u>-</u>	<u>1,833,341</u>
Change in Net Assets	2,038,384	(446,577)	1,591,807
Net Assets, beginning of the year	<u>1,168,668</u>	<u>1,705,097</u>	<u>2,873,765</u>
Net Assets, end of the year	<u><u>\$ 3,207,052</u></u>	<u><u>\$ 1,258,520</u></u>	<u><u>\$ 4,465,572</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, 2019**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
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 FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and Benefits	\$ 710,364	\$ 48,157	\$ 90,987	\$ 849,508
Program Supplies, including in-kind of \$306,912	606,610	-	-	606,610
Capital Project, including in-kind of \$11,653	-	-	113,030	113,030
Rent and Utilities, including in-kind of \$88,000	86,674	5,610	5,610	97,894
Professional Services, including in-kind of \$2,232	-	48,724	-	48,724
Depreciation	34,142	-	-	34,142
Development	-	-	20,589	20,589
Equipment and Maintenance	16,695	-	-	16,695
Insurance	-	13,445	-	13,445
Printing and Postage	-	-	10,089	10,089
Processing Fees	-	9,409	-	9,409
Telephone	-	4,664	-	4,664
Meals and Entertainment	-	3,537	-	3,537
Dues and Subscriptions	-	2,004	-	2,004
Travel	-	1,532	-	1,532
Miscellaneous	-	1,060	-	1,060
Contract Labor	409	-	-	409
Total Expenses	<u>\$ 1,454,894</u>	<u>\$ 138,142</u>	<u>\$ 240,305</u>	<u>\$ 1,833,341</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, 2019 AND 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Change in Net Assets	\$ 27,342	\$ 1,591,807
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	197,980	34,142
Gain on Disposal of Assets	-	(20,521)
Donated Construction in Progress	-	(113,225)
(Increase) Decrease in:		
Accounts Receivable	49,297	(166,974)
Contributions Receivable	436,809	390,401
Prepaid Expenses	(16,917)	162
Other Assets	(3,199)	(300)
Increase (Decrease) in:		
Accounts Payable	(468,142)	466,955
Accrued Payroll	30,378	14,020
Net Cash Provided (Used) by Operating Activities	<u>253,548</u>	<u>2,196,467</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale (Purchase) of Fixed Assets	<u>(151,563)</u>	<u>(3,418,668)</u>
Net Cash Provided (Used) by Investing Activities	<u>(151,563)</u>	<u>(3,418,668)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Draws (Payments) on Notes Payable	<u>(937)</u>	<u>984,204</u>
Net Cash Provided (Used) by Financing Activities	<u>(937)</u>	<u>984,204</u>
Net Increase (Decrease) in Cash	101,048	(237,997)
Cash, beginning of the year	<u>618,816</u>	<u>856,813</u>
Cash, end of the year	<u><u>\$ 719,864</u></u>	<u><u>\$ 618,816</u></u>
<b>Supplementary Information</b>		
Interest Paid	<u><u>\$ 55,413</u></u>	<u><u>\$ 4,952</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, 2019 AND 2018**

### **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 \$4,031,539 and \$3,207,052 of net assets without donor restrictions as of December 31, 2019 and 2018, 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 \$461,375 and \$1,258,520 of net assets with donor restrictions as of December 31, 2019 and 2018, respectively.

#### **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 three 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.

# THE NASHVILLE FOOD PROJECT, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**DECEMBER 31, 2019 AND 2018**

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Contributions Receivable**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires or is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### **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 2019 was generally \$2.81 per pound. The standard rate used for 2018 was generally \$3.00 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, 2019 AND 2018**

#### **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, 2019 AND 2018

#### 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 2016 are no longer open for examination.

##### **Change in Accounting Principle**

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Organization for the year ended December 31, 2019.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. ASU 2018-08 is effective for the Organization for the year ended December 31, 2019.

##### **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.

# THE NASHVILLE FOOD PROJECT, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### DECEMBER 31, 2019 AND 2018

#### 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 capital campaign is expected to continue through 2020 with a total fundraising goal of \$5,000,000 in order to cover the costs of construction, furnishings, and campaign expenses, as well as the establishment of capital reserves estimated to be approximately \$200,000.

The Organization began primary construction on the property in 2018 and moved into the new facility in January 2019.

#### 3. CONTRIBUTIONS RECEIVABLE

At December 31, 2019 and 2018, contributions receivable totaled \$461,375 and \$898,184, 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>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 441,375	\$ 499,362
Receivable in one to five years	20,000	398,822
	<u>\$ 461,375</u>	<u>\$ 898,184</u>

#### 4. 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.



**THE NASHVILLE FOOD PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2019 AND 2018**

**4. NOTE PAYABLE (Continued)**

Principal maturities on the note at December 31, 2019 are as follows:

<b><u>Years Ending December 31,</u></b>	
2020	\$ 120,942
2021	127,265
2022	133,910
2023	140,894
2024	460,256
	<u>\$ 983,267</u>

**5. NET ASSETS WITH DONOR RESTRICTIONS**

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

	<b><u>2019</u></b>	<b><u>2018</u></b>
Unconditional promises to give due in future periods	\$ 80,000	\$ 57,000
Capital campaign, including unconditional promises to give due in future periods	381,375	1,201,520
	<u>\$ 461,375</u>	<u>\$ 1,258,520</u>

**6. 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.

**THE NASHVILLE FOOD PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2019 AND 2018**

**6. STATE OF TENNESSEE GRANT (Continued)**

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.

**7. 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, 2019 and 2018 totaled approximately \$476,714 and \$610,600, respectively.

Contributions receivable from two donors represent approximately 65% of contributions receivable at December 31, 2019. Contributions receivable from three donors represent approximately 78% of contributions receivable at December 31, 2018.

**8. 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, 2019 and 2018 approximated \$9,000 and \$10,000, respectively.

**9. 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:	<b><u>2019</u></b>	<b><u>2018</u></b>
Supplies	\$ 413,852	\$ 306,912
Building Design	-	113,225
Facilities	52,000	88,000
Capital Project Expenses	-	11,653
Professional Services	4,018	2,232
	<u>\$ 469,870</u>	<u>\$ 522,022</u>

# THE NASHVILLE FOOD PROJECT, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### DECEMBER 31, 2019 AND 2018

#### 9. GIFTS-IN-KIND AND DONATED SERVICES (Continued)

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.

#### 10. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2019 and 2018, 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>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 719,864	\$ 618,816
Accounts Receivable	118,955	168,252
Contributions Receivable	441,375	499,362
Less: amounts not available to be used within one year due to purpose restrictions	<u>(461,375)</u>	<u>(1,201,520)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 818,819</u>	<u>\$ 84,910</u>

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

#### 11. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization characterized the outbreak of the COVID-19 coronavirus as a pandemic. Since the Organization receives the majority of its revenue from contributions, this may significantly impact the Organization's ability to generate revenue.

**THE NASHVILLE FOOD PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2019 AND 2018**

**11. SUBSEQUENT EVENTS (Continued)**

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 portion of loan proceeds that is spent on qualified payroll costs and operational expenses will be forgiven.

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.

Subsequent events have been evaluated through June 30, 2020, which is the date the financial statements were available to be issued.