

THE NASHVILLE FOOD PROJECT, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

And Report of Independent Auditor

THE NASHVILLE FOOD PROJECT, INC.
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Report of Independent Auditor

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

We have audited the accompanying financial statements of The Nashville Food Project, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2018 and 2017, 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.

Changes in Financial Statement Presentation

As discussed in Note 1, The Nashville Food Project, Inc. adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.



Nashville, Tennessee
March 24, 2020

THE NASHVILLE FOOD PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 618,816	\$ 856,813
Accounts and grant receivable	168,252	1,278
Contributions receivable	499,362	732,645
Prepaid expenses	1,608	1,770
Other assets	7,900	7,600
Total Current Assets	1,295,938	1,600,106
Contributions receivable, net of current portion	398,822	555,940
Construction in progress	3,030,047	161,424
Property and equipment, net	1,226,958	577,309
Total Assets	\$ 5,951,765	\$ 2,894,779
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 474,677	\$ 7,722
Accrued payroll	27,312	13,292
Note payable	77,322	-
Total Current Liabilities	579,311	21,014
Note payable, net of current portion	906,882	-
Total Liabilities	1,486,193	21,014
Net Assets:		
Without donor restrictions	3,207,052	1,168,668
With donor restrictions	1,258,520	1,705,097
Total Net Assets	4,465,572	2,873,765
Total Liabilities and Net Assets	\$ 5,951,765	\$ 2,894,779

THE NASHVILLE FOOD PROJECT, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Public Support:			
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	2,294,259	(2,294,259)	-
Total Public Support	<u>3,526,317</u>	<u>(446,577)</u>	<u>3,079,740</u>
Revenue:			
Meals program	324,639	-	324,639
Other income	20,769	-	20,769
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>
Expenses:			
Program services	1,454,894	-	1,454,894
Management and general	138,142	-	138,142
Fundraising	240,305	-	240,305
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 year	1,168,668	1,705,097	2,873,765
Net assets, end of year	<u>\$ 3,207,052</u>	<u>\$ 1,258,520</u>	<u>\$ 4,465,572</u>

The accompanying notes to the financial statements are an integral part of these statements.

THE NASHVILLE FOOD PROJECT, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Public Support:			
Contributions	\$ 525,012	\$ 2,416,124	\$ 2,941,136
Gifts-in-kind	404,184	-	404,184
Special event revenue, net of direct benefit costs of \$42,290	210,273	-	210,273
Net assets released from restrictions	906,899	(906,899)	-
Total Public Support	<u>2,046,368</u>	<u>1,509,225</u>	<u>3,555,593</u>
Revenue:			
Meals program	185,135	-	185,135
Other income	170	-	170
Total Revenue	<u>185,305</u>	<u>-</u>	<u>185,305</u>
Total Public Support and Revenue	<u>2,231,673</u>	<u>1,509,225</u>	<u>3,740,898</u>
Expenses:			
Program services	1,142,607	-	1,142,607
Management and general	111,682	-	111,682
Fundraising	193,522	-	193,522
Total Expenses	<u>1,447,811</u>	<u>-</u>	<u>1,447,811</u>
Change in net assets	783,862	1,509,225	2,293,087
Net assets, beginning of year	384,806	195,872	580,678
Net assets, end of year	<u>\$ 1,168,668</u>	<u>\$ 1,705,097</u>	<u>\$ 2,873,765</u>

The accompanying notes to the financial statements are an integral part of these statements.

THE NASHVILLE FOOD PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and related 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, 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 NASHVILLE FOOD PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and related benefits	\$ 538,611	\$ 37,690	\$ 49,557	\$ 625,858
Program supplies, including in-kind of \$326,840	503,936	-	-	503,936
Capital project, including in-kind of \$12,292	-	-	116,257	116,257
Rent, including in-kind of \$55,207	58,917	2,293	2,293	63,503
Professional services	-	42,461	-	42,461
Equipment and maintenance	22,591	-	-	22,591
Development, including in-kind of \$2,223	-	-	19,023	19,023
Depreciation	12,855	-	-	12,855
Supplies, including in-kind of \$7,622	-	11,181	-	11,181
Processing fees	-	7,630	-	7,630
Printing and postage	-	-	6,392	6,392
Contract labor	5,684	-	-	5,684
Telephone	-	3,557	-	3,557
Miscellaneous	-	2,179	-	2,179
Dues and subscriptions	-	1,794	-	1,794
Insurance	-	1,679	-	1,679
Travel	-	1,028	-	1,028
Meals and entertainment	-	190	-	190
Education	13	-	-	13
Total Expenses	<u>\$ 1,142,607</u>	<u>\$ 111,682</u>	<u>\$ 193,522</u>	<u>\$ 1,447,811</u>

The accompanying notes to the financial statements are an integral part of these statements.

THE NASHVILLE FOOD PROJECT, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 1,591,807	\$ 2,293,087
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,142	12,855
Gain on disposal of assets	(20,521)	-
Donated construction in progress	(113,225)	-
Contributions receivable restricted for long term purposes	(885,498)	(1,127,539)
Changes in operating assets and liabilities:		
Accounts and grant receivable	(166,974)	(628)
Contributions receivable	123,616	(84,534)
Prepaid expenses	162	(1,770)
Other assets	(300)	(7,100)
Accounts payable	466,955	6,752
Accrued payroll	14,020	(16,336)
Net cash provided by operating activities	<u>1,044,184</u>	<u>1,074,787</u>
Cash flows from investing activities:		
Deposit in escrow	-	25,000
Proceeds from the sale of property and equipment	20,521	-
Purchases of property and equipment and construction in progress	<u>(3,439,189)</u>	<u>(706,994)</u>
Net cash used in investing activities	<u>(3,418,668)</u>	<u>(681,994)</u>
Cash flows from financing activities:		
Contributions restricted for long term purposes	1,152,283	19,570
Proceeds from debt borrowings	984,204	480,000
Repayments of debt borrowings	<u>-</u>	<u>(480,000)</u>
Net cash provided by financing activities	<u>2,136,487</u>	<u>19,570</u>
Net (decrease) increase in cash and cash equivalents	(237,997)	412,363
Cash and cash equivalents, beginning of year	856,813	444,450
Cash and cash equivalents, end of year	<u>\$ 618,816</u>	<u>\$ 856,813</u>
Supplementary Cash Flow Information:		
Cash paid for interest	<u>\$ 4,952</u>	<u>\$ 11,439</u>

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 1—Nature of organization and significant accounting policies

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.

Basis of Presentation – The Organization presents its financial statements in accordance with accounting and reporting prescribed for not-for-profit organizations. Using the accrual basis of accounting, 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 of the Organization are presented as follows:

Net Assets Without Donor Restrictions – net assets that are not subject to donor-imposed stipulations.

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 the Organization or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a restriction expires, 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. The Organization does not have any net assets with donor restrictions that are required to be maintained in perpetuity at December 31, 2018 and 2017.

Cash and Cash Equivalents – The Organization considers all cash and related short-term investments with original maturities of three months or less when purchased to be cash equivalents.

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.

Property and Equipment – Property and equipment 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 property and equipment 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 2018 was generally \$3 per pound. The standard rate used for 2017 was \$1.70 per pound, which was the standard rate calculated by a national food bank agency historically. This change in accounting estimate for the value of donated food was deemed necessary in order to more accurately reflect the value of the donations received. Other assets donated are recorded at estimated fair value on the date received.

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 1—Nature of organization and significant accounting policies (continued)

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.

Donated Facilities – During 2018 and 2017, 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, during 2018 and 2017, 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.

Income Taxes – The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (“IRC”), and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the IRC. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

The Organization follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization does not believe there are any uncertain tax positions at December 31, 2018. Additionally, the Organization has not recognized any tax related interest and penalties in the accompanying financial statements.

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 1—Nature of organization and significant accounting policies (continued)

Change in Accounting Principle – In August 2016, FASB issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied retrospectively to all periods presented.

Accounting Policies for Future Pronouncements – 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 ending December 31, 2019. The Organization is currently evaluating the effect of the implementation of this new standard.

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.

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. The standard will be effective for the fiscal year ending December 31, 2019. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events – The Organization evaluated subsequent events through March 24, 2020 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. Other than as discussed in Notes 5, 6, and 9, the Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Note 2—Liquidity and availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

THE NASHVILLE FOOD PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 2—Liquidity and availability (continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	2018	2017
Financial assets at year-end:		
Cash and cash equivalents	\$ 618,816	\$ 856,813
Accounts receivable	168,252	1,278
Contributions receivable	499,362	732,645
Less amounts not available to be used within one year:		
Net assets subject to purpose restrictions	(1,201,520)	(1,524,481)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 84,910</u>	<u>\$ 66,255</u>

Note 3—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.

In connection with the capital campaign, in January 2017, the Organization secured \$480,000 in funding through a lender in order to acquire property in Nashville, Tennessee for the future development of a new campus that will house the Organization's administrative offices and primary kitchen. The note arrangement stipulated interest of 3.50% and required monthly interest only payments until maturity on February 28, 2018, when all interest and principal were due. The Organization paid all amounts due under the note in 2017. Interest incurred during 2017 totaled \$11,439 and was included in capital project expenses in the statement of functional expenses. Additional bank financing was obtained in 2018 in order to complete the project. (See Notes 5 and 6.)

During 2017, the initial architectural and design work was begun and was included in construction in progress at December 31, 2017. 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 THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 4—Contributions receivable

At December 31, 2018 and 2017, contributions receivable totaled \$898,184 and \$1,288,585, respectively. Management considers all contributions receivable to be fully collectible at December 31, 2018 and 2017. 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:

	2018	2017
Receivable in less than one year	\$ 499,362	\$ 732,645
Receivable in one to five years	398,822	555,940
	<u>\$ 898,184</u>	<u>\$ 1,288,585</u>

Note 5—Property and equipment

Property and equipment consists of the following at December 31:

	2018	2017
Land	\$ 555,116	\$ 544,574
Vehicles	247,600	95,339
Equipment and furnishings	521,472	20,382
	<u>1,324,188</u>	<u>660,295</u>
Less accumulated depreciation	(97,230)	(82,986)
	<u>\$ 1,226,958</u>	<u>\$ 577,309</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$34,142 and \$12,855, respectively.

Construction in progress at December 31, 2018 and 2017 of \$3,030,047 and \$161,424, respectively, represents the architectural designs and construction costs incurred related to building a new facility on the land acquired in early 2017. The new facility was completed and placed into service in January 2019.

Note 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.

THE NASHVILLE FOOD PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 6—Note payable (continued)

Principal maturities on the note at December 31, 2018 are as follows:

Years Ending December 31,

2019	\$	77,322
2020		120,904
2021		127,077
2022		133,565
2023		140,384
Thereafter		384,952
	\$	<u>984,204</u>

Note 7—Net assets with donor restrictions

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

	2018	2017
Unconditional promises to give due in future periods	\$ 57,000	\$ 180,616
Capital campaign, including unconditional promises to give due in future periods	1,201,520	1,524,481
	<u>\$ 1,258,520</u>	<u>\$ 1,705,097</u>

Note 8—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:

	2018	2017
Gifts-in-kind received:		
Supplies	\$ 306,912	\$ 334,462
Building design	113,225	-
Facilities	88,000	55,207
Capital project expenses	11,653	12,292
Professional services	2,232	2,223
	<u>\$ 522,022</u>	<u>\$ 404,184</u>

THE NASHVILLE FOOD PROJECT, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 8—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 building design cost provided by an architectural firm.

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.

Note 9—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 whereby it transferred ownership of equipment acquired under the grant costing \$138,668 to One Gen.

Note 10—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, 2018 and 2017 totaled approximately \$610,600 and \$565,200, respectively.

Contributions receivable from three and one donors represent approximately 78% of contributions receivable at December 31, 2018 and 2017. Contributions from two donors represent approximately 52% of total public support for the year ended December 31, 2017.

Note 11—Leases

The Organization has entered into short-term leases for various gardening plots. The leases require total annual payments of approximately \$2,000 and extend through 2020. Rent and utilities expense for these locations for the years ended December 31, 2018 and 2017 approximated \$10,000.