

THE CERES COMMUNITY PROJECT

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Ceres Community Project
Sebastopol, California

Opinion

We have audited the accompanying financial statements of The Ceres Community Project (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 Organization as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Organization as of December 31, 2020 were audited by another auditor whose report dated April 27, 2021 expressed an unmodified opinion on those statements.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors of
The Ceres Community Project

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 the 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 Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses - Including the Fair Value of Non-Professional Volunteer Services is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



MILLER KAPLAN ARASE LLP

San Francisco, California

March 30, 2022

THE CERES COMMUNITY PROJECT
STATEMENTS OF FINANCIAL POSITION

ASSETS	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash	\$ 2,818,930	\$ 1,674,476
Accounts Receivable	238,245	115,793
Inventory	106,592	58,660
Prepaid Expenses and Deposits	<u>37,831</u>	<u>44,267</u>
TOTAL CURRENT ASSETS	<u>3,201,598</u>	<u>1,893,196</u>
Capitalized Technology Costs, Net	107,647	122,470
Property and Equipment, Net	<u>1,008,440</u>	<u>1,096,628</u>
TOTAL ASSETS	<u>\$ 4,317,685</u>	<u>\$ 3,112,294</u>
LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 49,998	\$ 40,665
Accrued Salaries and Wages	41,140	46,703
Accrued Paid Time Off	56,904	60,977
Other Current Liabilities	32,617	36,122
Deferred Grant Revenues	-	10,000
Current Portion of Long-Term Debt	<u>330,844</u>	<u>21,000</u>
TOTAL CURRENT LIABILITIES	511,503	215,467
Long-Term Debt	<u>-</u>	<u>330,585</u>
TOTAL LIABILITIES	<u>511,503</u>	<u>546,052</u>
NET ASSETS		
Without Donor Restrictions	3,611,362	2,424,089
With Donor Restrictions	<u>194,820</u>	<u>142,153</u>
TOTAL NET ASSETS	<u>3,806,182</u>	<u>2,566,242</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,317,685</u>	<u>\$ 3,112,294</u>

THE CERES COMMUNITY PROJECT
STATEMENTS OF ACTIVITIES

	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Contributions:						
Individuals	\$ 2,179,439	\$ 100,800	\$ 2,280,239	\$ 1,910,296	\$ -	\$ 1,910,296
Foundations	546,477	65,000	611,477	701,006	171,000	872,006
Businesses and Organizations	238,615	8,125	246,740	371,232	-	371,232
In-Kind Contributions	472,985	-	472,985	187,252	-	187,252
Special Events, Net	216,857	-	216,857	245,019	-	245,019
Government Grant Income	569,261	-	569,261	954,016	-	954,016
Contract Revenues	388,004	-	388,004	515,156	-	515,156
Sales of Food Products	151,039	-	151,039	151,606	-	151,606
Affiliate Licensing and Training Fees	55,181	-	55,181	31,584	-	31,584
Community Outreach Revenues	90,082	-	90,082	23,909	-	23,909
Rental Income	-	-	-	6,000	-	6,000
Other Income	7,197	-	7,197	1,917	-	1,917
Net Assets Released From Restrictions	121,258	(121,258)	-	102,152	(102,152)	-
TOTAL REVENUES AND SUPPORT	5,036,395	52,667	5,089,062	5,201,145	68,848	5,269,993
EXPENSES						
Program Services:						
Meal Program - Sebastopol	1,084,328	-	1,084,328	1,596,909	-	1,596,909
Meal Program - Marin County	484,835	-	484,835	437,460	-	437,460
Meal Program - Santa Rosa	983,080	-	983,080	461,811	-	461,811
Community Outreach and Education	441,666	-	441,666	337,130	-	337,130
California Medi-Cal Study	-	-	-	45,517	-	45,517
National Program	23,799	-	23,799	104,870	-	104,870
Total Program Services	3,017,708	-	3,017,708	2,983,697	-	2,983,697
Supporting Services:						
General and Administrative	473,062	-	473,062	464,882	-	464,882
Fundraising	358,352	-	358,352	390,572	-	390,572
Total Supporting Services	831,414	-	831,414	855,454	-	855,454
TOTAL EXPENSES	3,849,122	-	3,849,122	3,839,151	-	3,839,151
CHANGE IN NET ASSETS	1,187,273	52,667	1,239,940	1,361,994	68,848	1,430,842
NET ASSETS, BEGINNING OF YEAR	2,424,089	142,153	2,566,242	1,062,095	73,305	1,135,400
NET ASSETS, END OF YEAR	\$ 3,611,362	\$ 194,820	\$ 3,806,182	\$ 2,424,089	\$ 142,153	\$ 2,566,242

(Attached notes are an integral part of this statements)

THE CERES COMMUNITY PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

EXPENSES	Program Expenses					Supporting Expenses			
	Meal Programs			Community Outreach	National Program	Total Programs	General and Administrative	Fundraising	Total
	Sebastopol	Marin County	Santa Rosa						
Salaries and Related Expenses	\$ 584,313	\$ 278,685	\$ 581,425	\$ 318,371	\$ 18,781	\$ 1,781,575	\$ 320,269	\$ 299,322	\$ 2,401,166
Food, Packaging and Supplies	260,125	129,804	223,017	55	-	613,001	31	-	613,032
Facilities and Equipment Expenses	148,720	50,621	122,830	12,174	1,152	335,497	9,795	12,804	358,096
Technology and Telephone	34,323	18,545	31,202	21,176	1,948	107,194	44,102	24,690	175,986
Program Expenses	9,117	2,152	7,716	41,892	-	60,877	-	-	60,877
Professional Fees	10,312	330	2,683	7,947	-	21,272	44,939	9,225	75,436
Insurance	-	-	-	-	-	-	22,125	-	22,125
Marketing and Promotion	274	41	268	33,506	-	34,089	1,316	577	35,982
Outside Services	15,740	2,461	6,268	2,176	139	26,784	2,346	1,946	31,076
Banking and Processing Fees	1,730	-	1,131	340	15	3,216	15,233	7,671	26,120
Office Expenses	3,955	1,259	4,599	2,945	706	13,464	8,388	2,117	23,969
Interest Expense	13,653	-	-	720	-	14,373	3,083	-	17,456
Travel and Meetings	2,066	937	1,941	364	1,058	6,366	1,435	-	7,801
TOTAL EXPENSES	\$ 1,084,328	\$ 484,835	\$ 983,080	\$ 441,666	\$ 23,799	\$ 3,017,708	\$ 473,062	\$ 358,352	\$ 3,849,122

THE CERES COMMUNITY PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Expenses						Supporting Expenses			
	Meal Programs			Community Outreach	CA Medi-Cal Study	National Program	Total Programs	General and Administrative	Fundraising	Total
	Sebastopol	Marin County	Santa Rosa							
EXPENSES										
Salaries and Related Expenses	\$ 798,888	\$ 226,529	\$ 271,768	\$ 264,160	\$ 31,141	\$ 41,629	\$ 1,634,115	\$ 353,855	\$ 320,413	\$ 2,308,383
Food, Packaging and Supplies	579,386	138,978	91,092	394	408	-	810,258	352	421	811,031
Facilities and Equipment Expenses	122,107	50,119	73,661	16,853	2,895	705	266,340	7,755	14,584	288,679
Technology and Telephone	29,446	12,635	13,962	15,881	4,424	1,775	78,123	35,600	20,620	134,343
Program Expenses	10,150	1,294	3,322	2,849	-	-	17,615	-	14	17,629
Professional Fees	3,424	1,328	1,399	3,425	5,399	60,000	74,975	23,477	16,297	114,749
Insurance	514	175	194	122	682	11	1,698	21,669	163	23,530
Marketing and Promotion	811	11	15	24,579	4	4	25,424	13	4,767	30,204
Outside Services	21,145	1,036	3,596	2,169	325	325	28,596	1,789	2,318	32,703
Banking and Processing Fees	3,041	-	628	519	-	25	4,213	14,155	7,493	25,861
Office Expenses	9,417	1,409	1,022	3,362	9	9	15,228	5,563	3,164	23,955
Interest Expense	17,128	135	187	2,163	45	45	19,703	325	299	20,327
Travel and Meetings	1,452	3,811	965	654	185	342	7,409	329	19	7,757
TOTAL EXPENSES	\$ 1,596,909	\$ 437,460	\$ 461,811	\$ 337,130	\$ 45,517	\$ 104,870	\$ 2,983,697	\$ 464,882	\$ 390,572	\$ 3,839,151

THE CERES COMMUNITY PROJECT
STATEMENTS OF CASH FLOWS

	December 31, 2021	December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,239,940	\$ 1,430,842
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation and Amortization of Property and Equipment	102,288	92,397
Amortization of Capitalized Technology Costs	14,823	14,643
Donated Vehicles and Equipment	(135,000)	(39,000)
Loss on Disposal of Property and Equipment	10,672	-
(Increase) Decrease in Current Assets:		
Accounts Receivable	(122,452)	55,153
Inventory	(47,932)	(55,898)
Prepaid Expenses and Deposits	6,436	57,123
Increase (Decrease) in Current Liabilities:		
Accounts Payable	9,333	17,883
Accrued Salaries and Wages	(5,563)	(20,480)
Accrued Paid Time Off	(4,073)	4,993
Other Current Liabilities	(3,505)	28,206
Deferred Grant Revenues	(10,000)	(60,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,054,967	1,525,862
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Vehicles and Equipment	125,000	-
Purchases of Vehicles and Equipment	(14,772)	(89,516)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	110,228	(89,516)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	-	100,000
Repayments of Line of Credit	-	(175,000)
Repayments of Long-Term Debt	(20,741)	(19,664)
NET CASH (USED IN) FINANCING ACTIVITIES	(20,741)	(94,664)
CHANGE IN CASH	1,144,454	1,341,682
CASH, BEGINNING OF YEAR	1,674,476	332,794
CASH, END OF YEAR	\$ 2,818,930	\$ 1,674,476
SUPPLEMENTAL INFORMATION		
Interest Paid	\$ 17,456	\$ 20,327

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 - ORGANIZATION

The Ceres Community Project (the "Organization") is a non-profit public benefit corporation incorporated in the state of California in 2008. Its administrative offices are located in Sebastopol, California with primary community kitchens located in Sebastopol, Santa Rosa, and Marin County, California.

The Organization's mission is to create health for people, communities, and the planet through love, healing food and empowering the next generation. Its approach includes: (1) supporting individuals dealing with serious and chronic illness with free and low-cost, delivered and nutrient-rich prepared meals, nutrition education, and a community of caring, (2) involving young people as volunteer gardeners and chefs, giving them direct, hands-on experience of the difference that fresh healthy foods and community make, and of their own capacity to contribute, (3) educating the broader community, including health professionals, about the connection between fresh, healthy food, strong social networks, healing and wellness, and (4) connecting people of all ages and from all walks of life to one another, and to their value as an integral part of the community.

The Organization delivers meals from their commercial kitchen locations to client families dealing with serious and chronic illnesses. The youth development program provides education in growing, preparing and eating healthy foods, word ready skills and leadership. In addition, the Organization conducts educational programs on health and healing foods.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Organization have been prepared under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

B. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the period. Accordingly, actual results may differ from these estimates.

C. Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Net Assets (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction expires when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited its use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for the acquisition of building improvements or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

Contributions of cash and other assets with donor stipulations that limit the use of the donated asset are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Other purpose and time restricted support is reported as an increase in net assets with donor restrictions.

D. Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on cost reimbursement or performance grants and from unconditional promises to give that are expected to be received in less than one year. Management believes that all outstanding amounts receivable are fully collectible, and therefore, no allowance for uncollectible receivables has been provided.

E. Inventory

Inventory includes prepared meals, food, cookbooks and other goods. Inventory is stated at cost using the first-in, first out method.

F. Capitalized Technology Costs

Prepaid technology costs include capitalized implementation costs related to a service contract in a hosting environment. These costs are being amortized over the estimated life of the contract which has been determined to be 10 years.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property and Equipment

Property and equipment is stated at cost or at estimated fair market value at the date of donation. The Organization capitalizes property and equipment at a cost or fair market value greater or equal to \$1,500. Depreciation and amortization is calculated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and Improvements	5 - 40
Kitchen and Office Equipment	5 - 12
Computer Software	5 - 10
Vehicles	5

H. Revenue Recognition for Exchange Transactions

Contract and grants for the performance of services or the delivery of products are considered exchange transactions. Revenues from exchange transactions are recognized when products are delivered, services are performed or qualifying costs are incurred for cost-reimbursement contracts. Amounts received in advance are recorded as deferred revenue.

I. Revenue Recognition for Contributions

Contributions, including unconditional promises to give, are recognized when received. Amounts received that are restricted by the donor to use in future periods and other purpose restricted support is reported as an increase in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is received, unless the contribution is clearly intended to support activities of the current year.

Contributions which contain barriers and rights of return are considered conditional. Revenue related to conditional contributions is recognized when the condition is removed. Amounts received for conditional contributions are recorded as deferred revenue until the condition is removed. Conditional promises, such as matching grants, are not recognized until they become unconditional.

J. In-Kind Contributions and Expenses

Donated goods, use of facilities and professional services are recorded at fair market value on the date of donation.

K. Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses are primarily charged directly to program or supporting service categories based on specific identification. Depreciation and amortization expense is allocated based on budgeted employee hours. Computer, telephone, internet, insurance and certain facility expenses are allocated based on square footage.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Functional Allocation of Expenses (Continued)

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Additionally, advertising costs are expensed as incurred.

L. Income Taxes

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) and Section 23701d of the California Revenue and Taxation Code and, except for unrelated business income, is exempt from federal income taxes. Therefore, no provision for federal or state income tax is made.

The Internal Revenue Service has determined that The Ceres Community Project is an Organization described in Sections 509(a)(1) and 170(b)(1)(A)(i) of the Internal Revenue Code, and contributions to the Organization are tax deductible to donors under Section 170. The Organization is not classified as a private foundation.

M. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported change in net assets.

N. Adoption of New Accounting Policies

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), ("ASC 606"). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contract(s), which include (1) identifying the contract or agreement with a customer, (2) identifying our performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied. The Organization adopted ASC 606 effective January 1, 2021, and adoption of such standard had no effect on previously reported balances.

O. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02 *Leases*, requiring organizations to recognize lease assets and lease liabilities on the statements of financial position and requiring disclosure of key information about leasing arrangements. The guidance is effective for periods beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofits to present and disclose contributed nonfinancial assets, or gifts-in-kind. The guidance is effective for periods beginning after June 15, 2021. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 3 - CONCENTRATION OF CREDIT RISK

During the years ended December 31, 2021 and 2020, the Organization had deposits with Exchange Bank which at times exceeded the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. The Organization has not incurred any losses on the uninsured balances and believes that the financial institution is credit worthy.

The Organization began holding excess funds in a financial services account at American Deposit Management (ADM) in 2020. At December 31, 2021 and 2020, \$1,501,568 and \$500,465, respectively, was held at ADM. ADM supports non-profit organizations and spreads cash balances among several high interest-bearing accounts at separate banks for FDIC insurance purposes. The Organization believes the overall exposure to be nominal.

NOTE 4 - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use due to contractual or donor-imposed restrictions within one year.

Financial Assets at December 31, 2021:	
Cash	\$ 2,818,930
Account Receivable	<u>238,245</u>
Total Financial Assets at December 31, 2021	3,057,175
Less those Unavailable for General Expenditures	
Within One Year, Due to:	
Contractual or Donor-Imposed Restrictions:	
Restricted by Donor	<u>(194,820)</u>
Financial Assets Available to Meet Cash Needs from General Expenditures Within One Year	<u><u>\$ 2,862,355</u></u>
Financial Assets at December 31, 2020:	
Cash	\$ 1,674,476
Account Receivable	<u>115,793</u>
Total Financial Assets at December 31, 2020	1,790,269
Less those Unavailable for General Expenditures	
Within One Year, Due to:	
Contractual or Donor-Imposed Restrictions:	
Deferred Grant Revenues	(10,000)
Restricted by Donor	<u>(142,153)</u>
Financial Assets Available to Meet Cash Needs from General Expenditures Within One Year	<u><u>\$ 1,638,116</u></u>

The Organization had financial assets of \$2,862,355 and \$1,638,116 to meet cash needs for general expenditures as of December 31, 2021 and 2020, respectively, representing approximately 9 months of operating expenses at December 31, 2021 and approximately 6 months of operating expenses at December 31, 2020.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 - LIQUIDITY AND AVAILABILITY (Continued)

The Organization is substantially supported by contributions, government grants and program fees. Because donor restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In the event of an unanticipated liquidity need, the Organization could draw upon a \$200,000 line of credit, of which \$200,000 was available at both December 31, 2021 and 2020 (as further discussed in Note 8).

NOTE 5 - CAPITALIZED TECHNOLOGY COSTS

Capitalized technology costs consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total Capitalized Technology Costs	\$ 148,230	\$ 148,230
Less Accumulated Amortization	<u>(40,583)</u>	<u>(25,760)</u>
Capitalized Technology Costs, Net	<u>\$ 107,647</u>	<u>\$ 122,470</u>

Amortization of capitalized technology cost totaling \$14,823 and \$14,463 has been included in technology expenses in the years ended December 31, 2021 and 2020, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 265,400	\$ 265,400
Building and Improvements	759,384	759,384
Kitchen and Office Equipment	446,765	466,719
Computer Software	77,940	43,500
Catering Vans	<u>27,500</u>	<u>17,500</u>
Total Property and Equipment	1,576,989	1,552,503
Less: Accumulated Depreciation and Amortization	<u>(568,549)</u>	<u>(455,875)</u>
Property and Equipment, Net	<u>\$ 1,008,440</u>	<u>\$ 1,096,628</u>

Depreciation and amortization expense from property and equipment totaled \$102,288 and \$92,397 in the years ended December 31, 2021 and 2020, respectively.

NOTE 7 - LAND AND BUILDING LEASES

The Organization was a lessee in the following leases during the years ended December 31, 2021 and 2020.

Sebastopol, California

The Organization subleases office space with a fair value of \$3,800 in Sebastopol, California under a license agreement on a month-to-month basis at a discounted rate of \$3,000 per month.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 - LAND AND BUILDING LEASES (Continued)

The agreement also includes the use of adjacent land for the Ceres Community Garden as a donation to the Organization valued at \$1,500 per month as determined by the landlord and Organization. The estimated fair value of the land usage totals \$18,000 per year and has been included in in-kind contribution revenues and rent expenses in the statements of activities in the years ended December 31, 2021 and 2020.

Santa Rosa, California

The Organization began meal operations in Santa Rosa, California in February 2016 in kitchen and garden property owned by Social Advocates for Youth. The Organization purchased kitchen, garden and office equipment to operate its meal program, while Social Advocates for Youth provides the kitchen and office space to the Organization. The Organization is required to reimburse the landlord for utilities. As of December 31, 2021, the Organization has purchased commercial kitchen equipment at this location at a total cost of \$114,134. The estimated fair value of the facilities usage totals \$4,000 per month and has been included in in-kind contribution revenues and rent expenses in the statements of activities in the years ended December 31, 2021 and 2020. In January 2022, the Organization signed a lease agreement with Social Advocates for Youth to lease this space for \$5,000 per month through December 31, 2023, with options to extend for four additional two year terms.

Marin County, California

The Organization used the commercial kitchen and storage facilities of Community Action Marin, a non-profit corporation, for its program operations in Marin County under an operating lease through July 31, 2021. Monthly rent and services totaled \$3,114 per month from August 1, 2019 through July 31, 2020. The monthly rent and services increased to \$3,334 per month from August 1, 2020 through July 31, 2021. The Organization relocated its Marin County kitchen in July 2021, after signing a one year Kitchen Use Agreement for shared use of a kitchen in Marin County for \$2,403 per month through June 30, 2022.

Rental expenses, including donated facilities, totaled \$145,004 and \$130,433 in the years ended December 31, 2021 and 2020, respectively. The fair value of donated facilities included in rental expenses totaled \$61,200 and \$41,124 for the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2021, future minimum lease payments total \$74,418 for the year ending December 31, 2022 and \$60,000 for the year ending December 31, 2023.

NOTE 8 - BANK LINE OF CREDIT

The Organization has a line of credit for \$200,000 with Exchange Bank. Outstanding balances accrue interest based on the lender's prime rate plus 2.50%. There were no outstanding balances at December 31, 2021 or 2020. The line of credit is secured by substantially all accounts, inventory, equipment and general intangible assets of the Organization and expires on November 1, 2022.

NOTE 9 - SBA PAYCHECK PROTECTION PROGRAM LOAN

On April 30, 2020, the Organization received loan proceeds of \$328,145 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP) established under the CARES Act. The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, the Organization must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 - SBA PAYCHECK PROTECTION PROGRAM LOAN (Continued)

The Organization elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, Revenue Recognition, and recognizing revenue when conditions are met. The Organization met the forgiveness requirements during the year ended December 31, 2020 and recorded the \$328,145 as government grant income. A formal forgiveness notification from the SBA was received by the lending bank on November 20, 2020.

NOTE 10 - RETIREMENT PLAN

Effective January 1, 2020, the Organization sponsored a 401(k) retirement plan (the Plan) for its employees. Substantially all employees are eligible to participate in the Plan upon date of hire. The Plan allows for discretionary employer matching and profit sharing contributions. No employer contributions were made to the plan during the years ended December 31, 2021 or 2020.

NOTE 11 - LONG TERM DEBT

Long term debt consisted of the following at December 31, 2021 and 2020:

	2021	2020
<p>Note payable to finance company, monthly payments of principal and interest totaling \$2,417 are due each month. The interest rate is adjustable quarterly at the finance company's prime rate plus .75%. The interest rate at December 31, 2021 and 2020 was 5% and 5.25%, respectively, per annum. The remaining balance of approximately \$324,000 is due in full on August 1, 2022. The note is secured by a deed of trust on the Organization's facilities at 7351 Bodega Avenue in Sebastopol, California with a total cost of \$969,993 and substantially all other assets of the Organization. In addition, \$12,500 of cash belonging to individuals is being held by the lender in secured accounts to guarantee the loan.</p>	\$ 330,060	\$ 341,723
<p>Capital lease payable to financing company for office equipment and prepaid copier costs during the lease term, monthly payments of principal and interest and sales tax totaling approximately \$784 are due through January 2022. Secured by office equipment with an approximate cost of \$10,500.</p>	784	9,862
<p>Total Long Term Debt</p>	330,844	351,585
<p>Less Current Portion</p>	(330,844)	(21,000)
<p>Non-Current Portion</p>	\$ -	\$ 330,585

The note payable to finance company is subject to certain financial covenants. The Organization was in compliance with these financial covenants at December 31, 2021.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	2021	2020
Subject to the Passage of Time:		
Available for 2022 Expenses	<u>\$ 53,199</u>	<u>\$ 51,000</u>
Subject to Expenditure for Specific Purpose:		
Garden	100,800	-
Specific Client Meals	12,821	27,300
Youth Program	-	35,853
Generator for Sebastopol Kitchen	<u>28,000</u>	<u>28,000</u>
	<u>141,621</u>	<u>91,153</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 194,820</u></u>	<u><u>\$ 142,153</u></u>

NOTE 13 - IN-KIND CONTRIBUTIONS

In the years ended December 31, 2021 and 2020, the Organization received in-kind donations of equipment, food, facility usage, auction items and skilled services. The revenues and expenses related to in-kind auction items are netted in the statements of activities in special event revenue in the year ended December 31, 2020. No auctions were held in the year ended December 31, 2020. The remaining in-kind contributions have been included in the statements of activities and statements of functional expenses as in-kind contribution revenues and food expenses, rent expenses, and contributed professional service expenses as follows:

	2021	2020
In-Kind Contribution of Vehicles and Equipment	<u>\$ 135,000</u>	<u>\$ 39,000</u>
In-Kind Contribution Expenses:		
Food	75,303	92,382
Garden	3,274	3,984
Use of Land for Garden	18,000	18,000
Use of Santa Rosa Kitchen and Garden	48,000	23,124
Discount on Office Rent	9,600	-
Professional Services	67,628	10,762
Kitchen Supplies	<u>57,652</u>	<u>-</u>
Total In-Kind Contribution Expenses	<u>279,457</u>	<u>148,252</u>
In-Kind Contribution Revenues	<u>\$ 414,457</u>	<u>\$ 187,252</u>
In-Kind Contributions of Auction Items Included in Special Event Income and Expenses	<u><u>\$ 58,528</u></u>	<u><u>\$ -</u></u>

A. Contributed Professional Services

Contributed professional services included in the financial statements in the year ended December 31, 2021 includes donated vendor technology services totaling \$35,521, legal services totaling \$8,138 and maintenance services totaling \$2,755. Contributed professional services included in the financial statements in the year ended December 31, 2020 includes donated vendor technology services totaling \$10,762.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 - IN-KIND CONTRIBUTIONS (Continued)

A. Contributed Professional Services (Continued)

In the year ended December 31, 2021, contributed professional services also include donated skilled services from chefs, landscapers, and licensed social workers. The fair value of these professional services has been determined by management using the greater of the U.S. Department of Labor's Occupational Employment Statistics for the Santa Rosa metropolitan area or the minimum wage, plus benefits and taxes estimated at 18% of compensation.

The total fair value of contributed professional services included in the financial statements in the year ended December 31, 2021 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Service
Sebastopol Meal Program	281	\$ 31.91	\$ 8,951
Santa Rosa Program	129	20.80	2,683
Marin Meal Program	11	29.99	330
Management and General	261	35.47	9,250
Totals	<u>682</u>		<u>\$ 21,214</u>

B. Non-Professional Donated Services

The Organization also has many volunteers who donate their non-professional services towards programs and support. In accordance with GAAP, the value of these non-professional services is not reflected in these financial statements. In the year ended December 31, 2021, adult volunteers donated 27,725 hours of non-professional service and teen volunteers donated 13,552 hours. In the year ended December 31, 2020, adult volunteers donated 19,711 hours of non-professional service and teen volunteers donated 12,262 hours. The Organization's use of volunteers was minimal in the Sebastopol and Santa Rosa kitchens for approximately five months from late-March to late-August 2020 due to social distancing restrictions and kitchen reorganizations as a result of Covid-19 risks.

The fair value of the non-professional services adult hours has been determined by management using the greater of the U.S. Department of Labor's Occupational Employment Statistics for the Santa Rosa metropolitan area or the minimum wage, plus benefits and taxes estimated at 18% of compensation in the years ended December 31, 2021 and 2020. The value of the teen volunteers is based on minimum wage, plus taxes estimated at 18% of compensation.

The total fair value of the non-professional volunteer services in the year ended December 31, 2021 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Service
Adult Volunteers	27,725	\$ 19.59	\$ 542,996
Teen Volunteers	13,552	18.27	247,584
Totals	<u>41,277</u>		<u>\$ 790,580</u>

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 - IN-KIND CONTRIBUTIONS (Continued)

B. Non-Professional Donated Services (Continued)

The total fair value of the non-professional volunteer services in the year ended December 31, 2020 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Service
Adult Volunteers	19,711	\$ 19.97	\$ 393,548
Teen Volunteers	12,262	16.20	198,644
Totals	31,973		\$ 592,192

NOTE 14 - RISKS, UNCERTAINTIES AND CONCENTRATIONS

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United States has resulted in government-mandated business closures and significantly reduced business activity. At the present time, management is unable to quantify the potential future impact of the pandemic on the Organization's operations.

NOTE 15 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through March 30, 2022, the date which these financial statements were available to be issued. Other than noted in Note 7, there were no material subsequent events that required recognition or additional disclosures in these financial statements.

SUPPLEMENTARY INFORMATION

THE CERES COMMUNITY PROJECT
SCHEDULE OF EXPENSES - INCLUDING THE FAIR VALUE OF NON - PROFESSIONAL VOLUNTEER SERVICES
DECEMBER 31, 2021

	Program Expenses					Supporting Expenses			
	Meal Programs			Community Outreach	National Program	Total Program	General and Administrative	Fundraising	Total
	Sebastopol	Marin County	Santa Rosa						
EXPENSES									
Compensation Expenses:									
Employees	\$ 584,313	\$ 278,685	\$ 581,425	\$ 318,371	\$ 18,781	\$ 1,781,575	\$ 320,269	\$ 299,322	\$ 2,401,166
Non-Professional Volunteer Services:									
Adult Volunteers	251,316	66,218	180,028	-	-	497,562	19,598	25,836	542,996
Teen Volunteers	100,656	58,680	88,248	-	-	247,584	-	-	247,584
Total Compensation Expenses	936,285	403,583	849,701	318,371	18,781	2,526,721	339,867	325,158	3,191,746
Food, Packaging and Supplies	260,125	129,804	223,017	55	-	613,001	31	-	613,032
Facilities and Equipment Expenses	148,720	50,621	122,830	12,174	1,152	335,497	9,795	12,804	358,096
Technology and Telephone	34,323	18,545	31,202	21,176	1,948	107,194	44,102	24,690	175,986
Program Expenses	9,117	2,152	7,716	41,892	-	60,877	-	-	60,877
Professional Fees	10,312	330	2,683	7,947	-	21,272	44,939	9,225	75,436
Insurance	-	-	-	-	-	-	22,125	-	22,125
Marketing and Promotion	274	41	268	33,506	-	34,089	1,316	577	35,982
Outside Services	15,740	2,461	6,268	2,176	139	26,784	2,346	1,946	31,076
Banking and Processing Fees	1,730	-	1,131	340	15	3,216	15,233	7,671	26,120
Office Expenses	3,955	1,259	4,599	2,945	706	13,464	8,388	2,117	23,969
Interest Expense	13,653	-	-	720	-	14,373	3,083	-	17,456
Travel and Meetings	2,066	937	1,941	364	1,058	6,366	1,435	-	7,801
TOTAL EXPENSES	\$ 1,436,300	\$ 609,733	\$ 1,251,356	\$ 441,666	\$ 23,799	\$ 3,762,854	\$ 492,660	\$ 384,188	\$ 4,639,702

THE CERES COMMUNITY PROJECT
SCHEDULE OF EXPENSES - INCLUDING THE FAIR VALUE OF NON - PROFESSIONAL VOLUNTEER SERVICES
DECEMBER 31, 2020

	Program Expenses						Supporting Expenses			
	Meal Programs			Community Outreach	CA Med-Cal Study	National Program	Total Program	General and Administrative	Fundraising	Total
	Sebastopol	Marin County	Santa Rosa							
EXPENSES										
Compensation Expenses:										
Employees	\$ 798,888	\$ 226,529	\$ 271,768	\$ 264,160	\$ 31,141	\$ 41,629	\$ 1,634,115	\$ 353,855	\$ 320,413	\$ 2,308,383
Non-Professional Volunteer Services:										
Adult Volunteers	203,338	64,417	110,777	-	-	-	378,532	15,016	-	393,548
Teen Volunteers	79,396	59,389	59,859	-	-	-	198,644	-	-	198,644
Total Compensation Expenses	1,081,622	350,335	442,404	264,160	31,141	41,629	2,211,291	368,871	320,413	2,900,575
Food, Packaging and Supplies	579,386	138,978	91,092	394	408	-	810,258	352	421	811,031
Facilities and Equipment Expenses	122,107	50,119	73,661	16,853	2,895	705	266,340	7,755	14,584	288,679
Technology and Telephone	29,446	12,635	13,962	15,881	4,424	1,775	78,123	35,600	20,620	134,343
Program Expenses	10,150	1,294	3,322	2,849	-	-	17,615	-	14	17,629
Professional Fees	3,424	1,328	1,399	3,425	5,399	60,000	74,975	23,477	16,297	114,749
Insurance	514	175	194	122	682	11	1,698	21,669	163	23,530
Marketing and Promotion	811	11	15	24,579	4	4	25,424	13	4,767	30,204
Outside Services	21,145	1,036	3,596	2,169	325	325	28,596	1,789	2,318	32,703
Banking and Processing Fees	3,041	-	628	519	-	25	4,213	14,155	7,493	25,861
Office Expenses	9,417	1,409	1,022	3,362	9	9	15,228	5,563	3,164	23,955
Interest Expense	17,128	135	187	2,163	45	45	19,703	325	299	20,327
Travel and Meetings	1,452	3,811	965	654	185	342	7,409	329	19	7,757
TOTAL EXPENSES	\$ 1,879,643	\$ 561,266	\$ 632,447	\$ 337,130	\$ 45,517	\$ 104,870	\$ 3,560,873	\$ 479,898	\$ 390,572	\$ 4,431,343

THE CERES COMMUNITY PROJECT
NOTES TO SUPPLEMENTAL INFORMATION
DECEMBER 31, 2021 AND 2020

NOTE A - FAIR VALUE OF NON-PROFESSIONAL VOLUNTEER SERVICES

Non-professional volunteer hours totaled 19,711 for adults and 12,262 for teenagers in the year ended December 31, 2021 and totaled 27,725 for adults and 13,552 for teenagers in the year ended December 31, 2020. In accordance with generally accepted accounting principles, these services were not recognized in the statement of activities because such services do not involve specialized skills. However, these services are an integral part of the preparation, cooking, gardening, delivery of meals and education for the meal programs, as well as community outreach, administration and fundraising.

The average value of volunteer services, including related payroll taxes and benefits, was \$19.59 per hour for adults and \$18.27 for teens in the year ended December 31, 2021 and \$19.97 per hour for adults and \$16.20 per hour for teenagers in the year ended December 31, 2020. The fair value of the volunteer services has been determined by management using the greater of U.S. Department of Labor's Occupational Employment Statistics for Santa Rosa and San Rafael, California, and the minimum wage. The Organization estimates the total value of the following non-professional volunteer services as \$790,580 and \$592,192 in the years ended December 31, 2021 and 2020, respectively, and has included them in the supplemental schedule of expenses – including the fair value of non-professional volunteer services for the years ended December 31, 2021 and 2020 as follows:

	2021 Hours	2021 Fair Value	2020 Hours	2020 Fair Value
Sebastopol Meal Program:				
Adults	13,071	\$ 251,316	10,254	\$ 203,338
Teenagers	5,687	100,656	4,901	79,396
Marin County Meal Program:				
Adults	3,335	66,218	3,233	64,417
Teenagers	3,094	58,680	3,666	59,389
Santa Rosa Meal Program:				
Adults	10,101	180,028	5,486	110,777
Teenagers	4,771	88,248	3,695	59,859
Administration:				
Adults	810	19,598	738	15,016
Fundraising:				
Adults	407	25,836	-	-
Total Fair Value of Non-Professional Volunteer Services	<u>41,276</u>	<u>\$ 790,580</u>	<u>31,973</u>	<u>\$ 592,192</u>