

STOP FOODBORNE ILLNESS, INC.

Financial Statements

Years Ended December 31, 2015 and 2014

(With Auditor's Report)

STOP FOODBORNE ILLNESS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
STOP Foodborne Illness, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of STOP Foodborne Illness, Inc. (an Illinois nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 STOP Foodborne Illness, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT – CONTINUED

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the basic 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, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Wieland & Company, Inc.

Batavia, Illinois
April 8, 2016

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS

	<u>2015</u>	<u>2014</u>
<u>ASSETS:</u>		
Cash	\$ 115,402	\$ 52,871
Unconditional Promises to Give, Unrestricted	1,836	4,231
Prepaid Expenses	3,149	4,887
Property and Equipment	20,605	14,126
Deposits	<u>1,350</u>	<u>1,350</u>
<u>TOTAL ASSETS</u>	<u>\$ 142,342</u>	<u>\$ 77,465</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts Payable and Accrued Expenses	\$ <u>11,603</u>	\$ <u>26,364</u>
<u>TOTAL LIABILITIES</u>	11,603	26,364
<u>NET ASSETS, UNRESTRICTED</u>	<u>130,739</u>	<u>51,101</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 142,342</u>	<u>\$ 77,465</u>

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>SUPPORT AND REVENUES:</u>		
Contributions:		
Businesses	\$ 654,050	\$ 506,100
Individuals	12,909	16,280
Foundations and Others	35,405	10,703
Contract Services	9,510	21,770
Interest Income	15	31
In Kind Donations	1,176	8,960
Special Event Revenue, net	2,860	-
Other Income	1,600	-
	<u>717,525</u>	<u>563,844</u>
<u>TOTAL SUPPORT AND REVENUES</u>	<u>717,525</u>	<u>563,844</u>
<u>EXPENSES:</u>		
Programs	504,964	423,075
Supporting Services:		
General and Administrative	74,438	60,815
Fundraising	58,485	68,805
Total Supporting Services	<u>132,923</u>	<u>129,620</u>
	<u>637,887</u>	<u>552,695</u>
<u>TOTAL EXPENSES</u>	<u>637,887</u>	<u>552,695</u>
<u>INCREASE IN NET ASSETS</u>	<u>79,638</u>	<u>11,149</u>
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>51,101</u>	<u>39,952</u>
<u>NET ASSETS, END OF YEAR</u> \$	<u>\$ 130,739</u>	<u>\$ 51,101</u>

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Increase in Net Assets	\$ 79,638	\$ 11,149
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	8,466	4,716
Decrease (Increase) in Assets:		
Unconditional Promises to Give	2,395	(547)
Prepaid Expenses	1,738	6,637
Decrease in Liabilities:		
Accounts Payable and Accrued Expenses	<u>(14,761)</u>	<u>(2,308)</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	77,476	19,647
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Cash Payments for Property and Equipment	<u>(14,945)</u>	<u>(12,788)</u>
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>(14,945)</u>	<u>(12,788)</u>
<u>NET INCREASE IN CASH</u>	62,531	6,859
<u>CASH AT BEGINNING OF YEAR</u>	<u>52,871</u>	<u>46,012</u>
<u>CASH AT END OF YEAR</u> \$	<u><u>115,402</u></u>	<u><u>52,871</u></u>

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 and 2014

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

STOP Foodborne Illness, Inc. (STOP) (the Organization) is a national nonprofit public health organization which originally formed in 1993 and incorporated in California in 1994 under the name *Safe Tables Our Priority, Inc.* STOP is dedicated to the prevention of illness and death from foodborne pathogens by advocating for sound public policy, building public awareness, and assisting those impacted by foodborne illness.

Due to the relocation of its principal headquarters to Chicago, the Organization formed a new corporation under the Illinois General Not for Profit Corporation Act with the new name of *STOP Foodborne Illness, Inc.* and merged the organizations with the new corporation being the surviving entity. In March 2012 with an effective date of June 23, 2011, the Internal Revenue Service determined the new corporation is tax exempt under Internal Revenue Code Section 501 (c) (3) and is classified as a public charity under Section 170 (b)(1)(A)(vi).

STOP was formed in the aftermath of the Jack in the Box *E. coli* outbreak as a grassroots effort. STOP was a touchstone for families stricken by the outbreak, and a resource for media outlets. Increasing awareness about foodborne pathogens served as a guiding principle in the early years of STOP. STOP joined the Safe Food Coalition, and became a strong voice within this group and a catalyst for change. In 1996, STOP was key in facilitating the first meat and poultry reforms since 1906. Over the years STOP has significantly improved public health by raising awareness about foodborne pathogens, advocating for stricter regulations and assisting those personally impacted by foodborne illness. STOP regularly works with and informs receptive food industry trade groups and companies, national and local media, government representatives on both sides of the aisle, as well as the USDA, FDA, HHS (Health and Human Services) and the CDC (Center for Disease Control). The Organization holds congressional forums and panels with legislators, those affected by foodborne illness and professionals from a diverse range of disciplines, such as physicians and meat inspectors. In January 2011, due in large part to STOP and the tireless efforts of its supporters, President Obama signed H.R. 2751 *The FDA Food Safety Modernization Act* into law. The FDA now possesses mandatory recall authority, and must inspect facilities more frequently.

STOP continually strives to:

- Push governmental agencies to reform their policies to better address food safety
- Serve as a reference and resources for those concerned with food safety and foodborne illness
- Provide assistance and support to those with ongoing medical and emotional issues related to foodborne illness
- Receive recognition for our extensive background in, and broad distribution of, food safety information
- Raise awareness through regional and national conferences, webinars and E-alerts

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

BASIS OF PRESENTATION

The accompanying financial statements report the assets, liabilities, revenues and expenses of the Organization using the accrual basis of accounting. The Organization reports information regarding its financial position, activities, grants and contributions received, if any, according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, but does not include certificates of deposit. At December 31, 2015 and 2014, there were no cash equivalents. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

PROMISES TO GIVE AND REVENUE RECOGNITION

Grants and gifts are recognized when the grantor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities. Restricted contributions are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contribution is recognized.

Conditional promises to give are recognized as support when the conditions on which they depend are substantially met.

Support from grants and other agreements that in substance constitute exchanges for services from the Organization is recorded as deferred revenue and recognized as earned.

Amounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible promises using the allowance method. However, no allowance was determined to be warranted at December 31, 2015 and 2014.

Special event revenue is shown net of the cost of donor direct benefits totaling \$3,011 during the year ended December 31, 2015, and in-kind donations and corresponding expenses totaling \$4,641 for the year ended December 31, 2015. There were no special events during 2014.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

CAPITALIZATION AND DEPRECIATION

Property and equipment are recorded at cost and capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation is provided for using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives which vary from three to ten years. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 tax exempt under Internal Revenue Code Section 501(c)(3), is classified as a public charity under Section 170 (b)(1)(A)(vi) and has no unrelated business income. Accordingly, no provision for income taxes is reported.

The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of December 31, 2015, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

CONTRIBUTED SERVICES AND GOODS

The Organization receives donated services from countless unpaid volunteers assisting with advocacy, outreach, educational and fundraising efforts. Amounts have not been recognized in the financial statements for the value of such volunteer efforts because the criteria for recognition under accounting principles generally accepted in the United States of America have not been met. Volunteer time meeting the criteria for recognition that was recorded in the 2015 and 2014 financial statements totaled \$450 and \$768, respectively. Donated goods used in operations are recognized at estimated fair values when received. Donated computer equipment totaling \$8,192 was capitalized during 2014. Donated software totaling \$1,176 was expensed during 2015.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

BOARD REVIEW

The Organization has evaluated subsequent events through April 8, 2016 the date which the financial statements were available to be issued.

NET ASSETS

Net assets are classified based on the existence or absence of donor-imposed restrictions. Unrestricted net assets may be classified based on designations by the Organization's Board of Directors, as follows:

Unrestricted– Operating:	Net assets not subject to donor-imposed stipulations
Temporarily Restricted:	Net assets subject to donor-imposed restrictions that may or will be met by actions of the Organization or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets at December 31, 2015 and 2014.
Permanently Restricted:	Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets at December 31, 2015 and 2014.

NOTE 3 – CONCENTRATIONS AND UNCERTAINTY

During both years ended December 31, 2015 and 2014, approximately 87% of the Organization's total support and revenues came from one corporate donor. Should funding by this donor be discontinued or substantially reduced, the Organization would be required to secure alternative funding sources to assure its ongoing financial viability. To address this concern and broaden the number and types of financial supporters, management has undertaken several initiatives including marketing and public relation programs and related training for board members and staff.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2015 and 2014

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Furniture	\$ 7,044	\$ 5,084
Equipment	32,382	25,668
Website development	14,931	8,660
	<u>54,357</u>	<u>39,412</u>
Accumulated depreciation	<u>(33,752)</u>	<u>(25,286)</u>
Property and equipment, net	<u>\$ 20,605</u>	<u>\$ 14,126</u>

NOTE 5 – OPERATING LEASE

The Organization conducts its activities from administrative offices located in Chicago, Illinois. The Organization entered into a five year lease agreement on November 5, 2015 which commences on March 1, 2016. Rent totals \$1,570 per month from December 1, 2015 through February 29, 2016. Effective March 1, 2016, rent totals \$1,706 per month in year one, \$1,749 per month in year two, \$1,792 per month in year three, \$1,837 per month in year four, and \$1,883 per month in year five. The Organization's prior lease agreement ended November 30, 2015. Future annual minimum rentals under the office lease are as follows at December 31, 2015:

2016	\$ 20,200
2017	20,902
2018	21,418
2019	21,954
2020	22,504
2021	<u>3,766</u>
	<u>\$ 110,744</u>

ADDITIONAL INFORMATION

STOP FOODBORNE ILLNESS, INC.

SCHEDULES OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015

(With Summarized Financial Information for the Year Ended December 31, 2014)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total 2015</u>	<u>Total 2014</u>
Personnel Costs:					
Salaries and Wages	\$ 223,475	\$ 28,920	\$ 10,517	\$ 262,912	\$ 243,035
Payroll Taxes	16,871	2,183	794	19,848	18,858
Employee Benefits	40,917	5,295	1,926	48,138	41,219
Other	5,231	243	609	6,083	3,715
Travel and Related Costs:					
Travel	28,526	687	5,155	34,368	28,448
Lodging	11,744	489	4,078	16,311	14,757
Meals	3,152	1,313	788	5,253	4,900
Other	1,492	622	373	2,487	—
Professional Fees					
Accounting and Auditing	—	5,200	—	5,200	5,200
Development Consulting	807	440	220	1,467	3,014
Information Technology	9,359	1,404	936	11,699	10,344
Marketing	65,654	9,848	6,565	82,067	16,653
Other	14,588	2,220	14,904	31,712	32,804
Direct Program Costs					
Presentation Costs	6,999	—	—	6,999	21,984
Printed Materials	2,759	—	—	2,759	1,695
Volunteer Recruitment	287	—	—	287	287
Other	3,103	—	—	3,103	191
Communications and Marketing					
Website	279	33	16	328	1,337
E-Tapestry	4,980	240	780	6,000	5,498
Public Relations and Other	—	—	—	—	917
Occupancy					
Rent	15,038	2,042	1,485	18,565	18,199
Utilities	2,292	311	227	2,830	2,175
Maintenance and Other	6	41	—	47	416
Office and Administrative					
Supplies	8,044	1,508	503	10,055	9,819
Postage and Delivery	1,240	233	77	1,550	1,662
Printing and Stationery	2,162	405	136	2,703	1,090
Computer Expenses	1,174	220	73	1,467	2,969
Telephone and Internet	9,218	1,728	577	11,523	10,382
Insurance	1,910	2,330	419	4,659	4,309
Board Expenses	—	2,402	—	2,402	1,385
Development Expenses	—	—	5,599	5,599	24,175
Other	16,800	3,150	1,050	21,000	16,542
Depreciation	6,857	931	678	8,466	4,716
	<u>\$ 504,964</u>	<u>\$ 74,438</u>	<u>\$ 58,485</u>	<u>\$ 637,887</u>	<u>\$ 552,695</u>