

STOP FOODBORNE ILLNESS, INC.

Financial Statements

Years Ended December 31, 2016 and 2015

(With Auditor's Report)

STOP FOODBORNE ILLNESS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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
May 25, 2017

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 95,263	\$ 115,402
Unconditional Promises to Give, Unrestricted	1,630	1,836
Prepaid Expenses	9,426	3,149
Property and Equipment, net	10,332	20,605
Deposits	<u>1,350</u>	<u>1,350</u>
	<u>TOTAL ASSETS</u> \$ 118,001	<u>\$ 142,342</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ <u>26,199</u>	\$ <u>11,603</u>
	<u>TOTAL LIABILITIES</u>	26,199 11,603
<u>NET ASSETS, UNRESTRICTED</u>	<u>91,802</u>	<u>130,739</u>
	<u>TOTAL LIABILITIES AND NET ASSETS</u> \$ 118,001	<u>\$ 142,342</u>

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>SUPPORT AND REVENUES:</u>		
Contributions:		
Businesses	\$ 519,075	\$ 654,050
Individuals	15,861	12,909
Foundations and Others	15,713	35,405
Contract Services	-	9,510
Interest Income	15	15
In Kind Donations	6,058	1,176
Special Event Revenue, net	4,858	2,860
Other Income	601	1,600
	<u>562,181</u>	<u>717,525</u>
	<u>TOTAL SUPPORT AND REVENUES</u>	<u>717,525</u>
 <u>EXPENSES:</u>		
Programs	516,569	543,479
Supporting Services:		
General and Administrative	51,498	52,774
Fundraising	33,051	41,634
Total Supporting Services	<u>84,549</u>	<u>94,408</u>
	<u>601,118</u>	<u>637,887</u>
	<u>TOTAL EXPENSES</u>	<u>637,887</u>
	<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>79,638</u>
	<u>(38,937)</u>	<u>79,638</u>
 <u>NET ASSETS, BEGINNING OF YEAR</u>	<u>130,739</u>	<u>51,101</u>
	<u>NET ASSETS, END OF YEAR</u>	<u>130,739</u>
	<u>\$ 91,802</u>	<u>\$ 130,739</u>

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Increase (Decrease) in Net Assets	\$ (38,937)	\$ 79,638
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	10,273	8,466
Decrease (Increase) in Assets:		
Unconditional Promises to Give	206	2,395
Prepaid Expenses	(6,277)	1,738
Decrease in Liabilities:		
Accounts Payable and Accrued Expenses	14,596	(14,761)
	<u>14,596</u>	<u>(14,761)</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	(20,139)	77,476
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Cash Payments for Property and Equipment	<u>—</u>	<u>(14,945)</u>
	<u>—</u>	<u>(14,945)</u>
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>—</u>	<u>(14,945)</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	(20,139)	62,531
<u>CASH AT BEGINNING OF YEAR</u>	<u>115,402</u>	<u>52,871</u>
<u>CASH AT END OF YEAR</u>	<u>\$ 95,263</u>	<u>\$ 115,402</u>

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016 and 2015

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, 2016 and 2015

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, 2016 and 2015, 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, 2016 and 2015.

Special event revenue is shown net of the cost of donor direct benefits totaling \$1,400 and \$3,011 during the years ended December 31, 2016 and 2015, respectively, and in-kind donations and corresponding expenses totaling \$8,629 and \$4,641 for the years ended December 31, 2016 and 2015, respectively.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2016 and 2015

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, 2016, 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 financial statements totaled \$5,800 and \$450 during the years ended December 31, 2016 and 2015, respectively. Donated goods used in operations are recognized at estimated fair values when received and totaled \$1,661 and \$726 was expensed during the years ended December 31, 2016 and 2015, respectively.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2016 and 2015

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

BOARD REVIEW

The Organization has evaluated subsequent events through May 25, 2017 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, 2016 and 2015.
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, 2016 and 2015.

NOTE 3 – CONCENTRATIONS AND UNCERTAINTY

During the years ended December 31, 2016 and 2015, approximately 93% and 87% of the Organization's total support and revenues came from one corporate donor, respectively. 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, 2016 and 2015

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Furniture	\$ 7,044	\$ 7,044
Equipment	32,382	32,382
Website development	14,931	14,931
	<u>54,357</u>	<u>54,357</u>
Accumulated depreciation	<u>(44,025)</u>	<u>(33,752)</u>
Property and equipment, net	<u>\$ 10,332</u>	<u>\$ 20,605</u>

NOTE 5 – OPERATING LEASE

The Organization conducts its activities from administrative offices located in Chicago, Illinois. In 2016, the Organization moved to space in a different building under a five-year lease agreement which commenced on March 1, 2016. Monthly rentals under the new agreement total \$1,706 in year one, \$1,749 in year two, \$1,792 in year three, \$1,837 in year four, and \$1,883 in year five. Rentals under the former lease were \$1,570 per month. Future annual minimum rentals under the office lease are as follows at December 31, 2016:

2017	\$ 20,902
2018	21,418
2019	21,954
2020	22,504
2021	<u>3,766</u>
	<u>\$ 90,544</u>

ADDITIONAL INFORMATION

STOP FOODBORNE ILLNESS, INC.

SCHEDULES OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

	<u>Program</u> <u>Services</u>	<u>General</u> <u>and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u> <u>2016</u>	<u>Total</u> <u>2015</u>
Personnel Costs:					
Salaries and Wages	\$ 238,070	\$ 15,697	\$ 7,848	\$ 261,615	\$ 262,912
Payroll Taxes	17,222	1,136	567	18,925	19,848
Employee Benefits	42,128	2,778	1,388	46,294	48,138
Other	3,979	262	131	4,372	6,083
Travel and Related Costs:					
Travel	19,994	460	2,528	22,982	34,368
Lodging	11,467	264	1,450	13,181	16,311
Meals	1,984	827	496	3,307	5,253
Other	671	280	168	1,119	2,487
Professional Fees					
Accounting and Auditing	-	5,200	-	5,200	5,200
Development Consulting	1,440	786	393	2,619	1,467
Information Technology	7,919	932	466	9,317	11,699
Marketing	67,172	7,903	3,951	79,026	82,067
Other	6,395	492	2,951	9,838	31,712
Direct Program Costs					
Presentation Costs	24,992	-	-	24,992	6,999
Printed Materials	1,974	-	-	1,974	2,759
Volunteer Recruitment	259	-	-	259	287
Other	622	-	-	622	3,103
Communications and Marketing					
Website	25	3	1	29	328
E-Tapestry	5,223	307	615	6,145	6,000
Occupancy					
Rent	19,619	2,255	676	22,550	18,565
Utilities	2,187	251	76	2,514	2,830
Maintenance and Other	558	4,094	-	4,652	47
Office and Administrative					
Supplies	9,024	1,062	531	10,617	10,055
Postage and Delivery	1,397	164	83	1,644	1,550
Printing and Stationery	1,510	178	89	1,777	2,703
Computer Expenses	3,124	368	183	3,675	1,467
Telephone and Internet	8,572	1,009	504	10,085	11,523
Insurance	1,915	2,335	420	4,670	4,659
Board Expenses	-	289	-	289	2,402
Development Expenses	-	-	6,197	6,197	5,599
Other	8,806	1,036	517	10,359	21,000
Depreciation	8,321	1,130	822	10,273	8,466
	<u>\$ 516,569</u>	<u>\$ 51,498</u>	<u>\$ 33,051</u>	<u>\$ 601,118</u>	<u>\$ 637,887</u>