

STOP FOODBORNE ILLNESS, INC.

Financial Statements

Years Ended December 31, 2017 and 2016

(With Auditor's Report)

STOP FOODBORNE ILLNESS, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 6, 2018

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 52,905	\$ 95,263
Unconditional Promises to Give, Unrestricted	141,223	1,630
Employee Receivable	4,763	-
Prepaid Expenses	17,561	9,426
Property and Equipment, net	3,474	10,332
Deposits	1,350	1,350
	<u>221,276</u>	<u>118,001</u>
<u>TOTAL ASSETS</u>	<u>\$ 221,276</u>	<u>\$ 118,001</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 31,226	\$ 26,199
	<u>31,226</u>	<u>26,199</u>
<u>TOTAL LIABILITIES</u>	<u>31,226</u>	<u>26,199</u>

NET ASSETS

Unrestricted	116,925	91,802
Temporarily restricted	73,125	-
	<u>190,050</u>	<u>91,802</u>
<u>TOTAL NET ASSETS</u>	<u>190,050</u>	<u>91,802</u>

<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 221,276</u>	<u>\$ 118,001</u>
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See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2017

(With Summarized Financial Information for the Year Ended December 31, 2016)

	<u>Year Ended December 31, 2017</u>			<u>Totals 2016</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
<u>SUPPORT AND REVENUES:</u>				
Contributions:				
Businesses	\$ 516,200	\$ 72,000	\$ 588,200	\$ 519,075
Individuals	17,008	1,125	18,133	15,861
Foundations and Others	21,208	–	21,208	15,713
Contract Services	–	–	–	–
Interest Income	14	–	14	15
In Kind Donations	4,950	–	4,950	6,058
Special Event Revenue, net	1,017	–	1,017	(5,488)
Other Income	3,385	–	3,385	601
<u>TOTAL SUPPORT AND REVENUES</u>	563,782	73,125	636,907	551,835
<u>EXPENSES:</u>				
Programs	464,980	–	464,980	507,094
Supporting Services:				
General and Administrative	45,070	–	45,070	50,918
Fundraising	28,609	–	28,609	32,760
Total Supporting Services	73,679	–	73,679	83,678
<u>TOTAL EXPENSES</u>	538,659	–	538,659	590,772
<u>INCREASE (DECREASE) IN NET ASSETS</u>	25,123	73,125	98,248	(38,937)
<u>NET ASSETS, BEGINNING OF YEAR</u>	91,802	–	91,802	130,739
<u>NET ASSETS, END OF YEAR</u>	\$ 116,925	\$ 73,125	\$ 190,050	\$ 91,802

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Increase (Decrease) in Net Assets	\$ 98,248	\$ (38,937)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	6,858	10,273
Decrease (Increase) in Assets:		
Unconditional Promises to Give	(144,356)	206
Prepaid Expenses	(8,135)	(6,277)
Decrease in Liabilities:		
Accounts Payable and Accrued Expenses	5,027	14,596
	<u> </u>	<u> </u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	(42,358)	(20,139)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Cash Payments for Property and Equipment	<u> —</u>	<u> —</u>
	<u> </u>	<u> </u>
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u> —</u>	<u> —</u>
	<u> </u>	<u> </u>
<u>NET INCREASE (DECREASE) IN CASH</u>	(42,358)	(20,139)
<u>CASH AT BEGINNING OF YEAR</u>	<u>95,263</u>	<u>115,402</u>
	<u> </u>	<u> </u>
<u>CASH AT END OF YEAR</u>	<u>\$ 52,905</u>	<u>\$ 95,263</u>

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

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, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016.

Special event revenue is shown net of the cost of donor direct benefits totaling \$3,304 and \$1,400 during the years ended December 31, 2017 and 2016, respectively, and in-kind donations and corresponding expenses totaling \$2,287 and \$20,145 for the years ended December 31, 2017 and 2016, respectively.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2017 and 2016

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, 2017, 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 during the year ended December 31, 2016. Donated goods used in operations are recognized at estimated fair values when received and totaled \$4,950 and \$1,658 was expensed during the years ended December 31, 2017 and 2016, respectively.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2017 and 2016

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

BOARD REVIEW

The Organization has evaluated subsequent events through April 6, 2018 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. At December 31, 2017 the amount of net assets temporarily restricted for the payment of specific items and program expenses totaled \$73,125.
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, 2017 and 2016.

NOTE 3 – CONCENTRATIONS AND UNCERTAINTY

During the years ended December 31, 2017 and 2016, approximately 79% and 93% 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, 2017 and 2016

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</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>(50,883)</u>	<u>(44,025)</u>
Property and equipment, net	<u>\$ 3,474</u>	<u>\$ 10,332</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. In May 2017 the Organization began renting a studio apartment under a one-year lease agreement as a place for visiting board members stay. The lease is renewable yearly in writing. Future annual minimum rentals under the leases are as follows at December 31, 2017:

2018	32,378
2019	25,634
2020	22,504
2021	<u>3,766</u>
	<u>\$ 84,282</u>

ADDITIONAL INFORMATION

STOP FOODBORNE ILLNESS, INC.

SCHEDULES OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

(With Summarized Financial Information for the Year Ended December 31, 2016)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total 2017</u>	<u>Total 2016</u>
Personnel Costs:					
Salaries and Wages	\$ 221,589	\$ 14,610	\$ 7,305	\$ 243,504	\$ 261,615
Payroll Taxes	17,425	1,149	574	19,148	18,925
Employee Benefits	43,061	2,839	1,420	47,320	46,294
Other	4,035	266	133	4,434	4,372
Travel and Related Costs:					
Travel	27,540	633	3,482	31,655	22,982
Lodging	9,332	215	1,180	10,727	13,181
Meals	2,117	882	529	3,528	3,307
Other	72	30	18	120	1,119
Professional Fees					
Accounting and Auditing	-	5,533	-	5,533	5,200
Development Consulting	4,320	2,356	1,178	7,854	2,619
Information Technology	7,174	844	422	8,440	9,317
Marketing	44,476	5,233	2,616	52,325	73,227
Other	243	19	112	374	9,838
Direct Program Costs					
Presentation Costs	9,179	-	-	9,179	20,446
Printed Materials	1,422	-	-	1,422	1,974
Volunteer Recruitment	354	-	-	354	259
Other	240	-	-	240	622
Communications and Marketing					
Website	425	50	25	500	29
E-Tapestry	5,554	327	653	6,534	6,145
Occupancy					
Rent	28,042	3,223	967	32,232	22,550
Utilities	2,252	259	78	2,588	2,514
Maintenance and Other	34	249	3	286	4,652
Office and Administrative					
Supplies	9,282	1,092	546	10,920	10,617
Postage and Delivery	1,186	140	70	1,395	1,644
Printing and Stationery	303	36	18	356	1,777
Computer Expenses	3,312	390	195	3,897	3,675
Telephone and Internet	9,742	1,146	573	11,461	10,085
Insurance	1,790	2,183	393	4,365	4,670
Board Expenses	-	35	-	35	289
Development Expenses	-	-	5,280	5,280	6,197
Other	4,926	580	290	5,795	10,358
Depreciation	5,555	754	549	6,858	10,273
	<u>\$ 464,980</u>	<u>\$ 45,070</u>	<u>\$ 28,609</u>	<u>\$ 538,659</u>	<u>\$ 590,772</u>