

STOP FOODBORNE ILLNESS, INC.

Financial Statements

Years Ended December 31, 2018 and 2017

(With Auditor's Report)

STOP FOODBORNE ILLNESS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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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, 2018 and 2017, and the related statements of activities, cash flows and functional expenses 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, 2018 and 2017, 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.

Wieland & Company, Inc.

Batavia, Illinois
May 14, 2019

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 323,218	\$ 52,905
Unconditional Promises to Give, Unrestricted	131,223	141,223
Employee Receivable	3,743	4,763
Prepaid Expenses	15,960	17,561
Property and Equipment, net	776	3,474
Deposits	1,350	1,350
	<u>476,270</u>	<u>221,276</u>
<u>TOTAL ASSETS</u>	<u>\$ 476,270</u>	<u>\$ 221,276</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 94,985	\$ 31,226
	<u>94,985</u>	<u>31,226</u>
<u>TOTAL LIABILITIES</u>	<u>94,985</u>	<u>31,226</u>

NET ASSETS

Without Donor Restrictions	131,613	116,925
With Donor Restrictions	249,672	73,125
	<u>381,285</u>	<u>190,050</u>
<u>TOTAL NET ASSETS</u>	<u>381,285</u>	<u>190,050</u>

<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 476,270</u>	<u>\$ 221,276</u>
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See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2018 and 2017

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	2018 Totals	Without Donor Restrictions	With Donor Restrictions	2017 Totals
SUPPORT AND REVENUES:						
Contributions:						
Businesses	\$ 511,575	\$ 265,692	\$ 777,267	\$ 516,200	\$ 72,000	\$ 588,200
Individuals	29,925	-	29,925	17,008	1,125	18,133
Foundations and Others	18,823	-	18,823	21,208	-	21,208
Interest Income	11	-	11	14	-	14
In Kind Donations	40	-	40	4,950	-	4,950
Special Event Revenue, net	-	-	-	1,017	-	1,017
Other Income	-	-	-	3,385	-	3,385
Net Assets Released from Restrictions						
Satisfaction of Program Restriction Expenditures	89,145	(89,145)	-	-	-	-
TOTAL SUPPORT AND REVENUES	649,519	176,547	826,066	563,782	73,125	636,907
EXPENSES:						
Programs	560,896		560,896	464,980	-	464,980
Supporting Services:						
General and Administrative	45,752	-	45,752	45,070	-	45,070
Fundraising	28,183	-	28,183	28,609	-	28,609
Total Supporting Services	73,935	-	73,935	73,679	-	73,679
TOTAL EXPENSES	634,831	-	634,831	538,659	-	538,659
INCREASE IN NET ASSETS	14,688	176,547	191,235	25,123	73,125	98,248
NET ASSETS, BEGINNING OF YEAR	116,925	73,125	190,050	91,802	-	91,802
NET ASSETS, END OF YEAR	\$ 131,613	\$ 249,672	\$ 381,285	\$ 116,925	\$ 73,125	\$ 190,050

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Increase in Net Assets	\$ 191,235	\$ 98,248
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	2,698	6,858
Decrease (Increase) in Assets:		
Unconditional Promises to Give	11,020	(144,356)
Prepaid Expenses	1,601	(8,135)
Decrease in Liabilities:		
Accounts Payable and Accrued Expenses	63,759	5,027
	<u>270,313</u>	<u>(42,358)</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES AND NET INCREASE (DECREASE) IN CASH</u>	270,313	(42,358)
<u>CASH AT BEGINNING OF YEAR</u>	<u>52,905</u>	<u>95,263</u>
	<u>CASH AT END OF YEAR \$ 323,218</u>	<u>\$ 52,905</u>

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.

SCHEDULES OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018 and 2017

	Year Ended December 31, 2018				Year Ended December 31, 2017			
	Program Services	General and Administrative	Fundraising	Total 2018	Program Services	General and Administrative	Fundraising	Total 2017
Personnel Costs:								
Salaries and Wages	\$ 235,840	\$ 15,550	\$ 7,775	\$ 259,165	\$ 221,589	\$ 14,610	\$ 7,305	\$ 243,504
Payroll Taxes	18,890	1,245	623	20,758	17,425	1,149	574	19,148
Employee Benefits	36,157	2,384	1,192	39,733	43,061	2,839	1,420	47,320
Other	4,788	316	158	5,262	4,035	266	133	4,434
Travel and Related Costs:								
Travel	17,428	401	2,204	20,032	27,540	633	3,482	31,655
Lodging	11,357	261	1,436	13,054	9,332	215	1,180	10,727
Meals	1,573	656	393	2,622	2,117	882	529	3,528
Other	976	407	244	1,627	72	30	18	120
Professional Fees								
Accounting and Auditing	–	5,500	–	5,500	–	5,533	–	5,533
Development Consulting	1,764	962	481	3,208	4,320	2,356	1,178	7,854
Information Technology	7,211	848	424	8,484	7,174	844	422	8,440
Marketing	49,246	5,794	2,897	57,936	44,476	5,233	2,616	52,325
Other	99	8	46	153	243	19	112	374
Direct Program Costs								
Presentation Costs	3,639	–	–	3,639	9,179	–	–	9,179
Printed Materials	687	–	–	687	1,422	–	–	1,422
Volunteer Recruitment	–	–	–	–	354	–	–	354
Other	430	–	–	430	240	–	–	240
Dave Theno Fellowship Expenses	16,062	–	–	16,062	–	–	–	–
Alliance to STOP Foodborne Illness Expenses	73,084	–	–	73,084	–	–	–	–
Communications and Marketing								
Website	15,447	1,817	909	18,173	425	50	25	500
E-Tapestry	5,922	348	697	6,967	5,554	327	653	6,534
Occupancy								
Rent	27,821	3,198	959	31,978	28,042	3,223	967	32,232
Utilities	1,924	221	66	2,212	2,252	258	78	2,588
Maintenance and Other	43	309	4	355	34	249	3	286
Office and Administrative								
Supplies	7,387	869	435	8,691	9,282	1,092	546	10,920
Postage and Delivery	1,688	199	99	1,986	1,186	139	70	1,395
Printing and Stationery	864	102	51	1,016	303	35	18	356
Computer Expenses	2,979	351	175	3,505	3,312	390	195	3,897
Telephone and Internet	9,159	1,078	539	10,775	9,742	1,146	573	11,461
Insurance	1,224	1,493	269	2,986	1,790	2,182	393	4,365
Board Expenses	–	550	–	550	–	35	–	35
Development Expenses	–	–	5,597	5,597	–	–	5,280	5,280
Other	5,020	591	295	5,906	4,924	581	290	5,795
Depreciation	2,185	297	216	2,698	5,555	754	549	6,858
	<u>\$ 560,896</u>	<u>\$ 45,752</u>	<u>\$ 28,183</u>	<u>\$ 634,831</u>	<u>\$ 464,980</u>	<u>\$ 45,070</u>	<u>\$ 28,609</u>	<u>\$ 538,659</u>

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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, 2018 AND 2017

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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, 2018 and 2017, 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities. Restricted contributions are reported as increases in net assets without donor restrictions 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, 2018 and 2017.

Special event revenue is shown net of the cost of donor direct benefits totaling \$3,304 during the year ended December 31, 2017, and in-kind donations and corresponding expenses totaling \$2,287 for the year ended December 31, 2017. There was no special event revenue or expenses during the year ended December 31, 2018.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2018 AND 2017

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, 2018, 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.

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

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2018 AND 2017

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

BOARD REVIEW

The Organization has evaluated subsequent events through May 14, 2019 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.

Net assets without donor restrictions: Net assets not subject to donor-imposed stipulations

Net assets with donor restrictions: 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

NOTE 3 – CONCENTRATIONS AND UNCERTAINTY

During the years ended December 31, 2018 and 2017, approximately 61% and 79% 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.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</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>(53,581)</u>	<u>(50,883)</u>
Property and equipment, net	<u>\$ 776</u>	<u>\$ 3,474</u>

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2018 AND 2017

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 2018, the Organization renewed the 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, 2018:

2019	\$	25,634
2020		22,504
2021		<u>3,766</u>
	\$	<u>51,904</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to Satisfaction of Program Restricted Expenditures:		
Dave Theno Fellowship	\$ 96,789	\$ 33,125
Alliance to STOP Foodborne Illness	<u>152,883</u>	<u>40,000</u>
Total net assets with donor restrictions	<u>\$ 249,672</u>	<u>\$ 73,125</u>

NOTE 7 – LIQUIDITY OF ASSETS

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 come due. To help manage unanticipated liquidity needs, the Organization maintains investments to meet a minimum of two years of normal operating expense.

The Organization has \$457,436 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$323,218 and promises to give of \$134,218. The promises to give are subject to implied time restrictions but are expected to be collected within one year.

STOP FOODBORNE ILLNESS, INC.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

DECEMBER 31, 2018 AND 2017

NOTE 8 – ADOPTION OF NEW ACCOUNTING POLICIES

In 2018, the Organization retroactively adopted the requirements in ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, to present net assets in two classifications: net assets without donor restrictions and net assets with donor restrictions and to provide additional and revised informative disclosures. Net assets were previously reported on the balance sheet in three classifications as follows:

	<u>2018</u>
NET ASSETS	
Unrestricted	131,613
Temporarily Restricted	249,672
Permanently Restricted	-
	<u>381,285</u>

Comparatively, net assets are currently reported on the balance sheet in two classifications as follows:

	<u>2018</u>
NET ASSETS	
Without donor restrictions	131,613
With donor restrictions	249,672
	<u>381,285</u>

In 2018, the Organization prospectively adopted the requirements in ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to account for proper classification of unconditional and conditional contributions.

NOTE 9 – PROMISES TO GIVE

Unconditional promises to give consists of the following:

	<u>2018</u>	<u>2017</u>
Promises without donor restrictions		
The Roth & Letch Family Charitable Foundation	\$ 125,000	\$ 125,000
The Cheesecake Factory, Inc.	5,000	-
Wegmans Food Markets	-	15,000
Various other donors	1,223	1,223
	<u>131,223</u>	<u>141,223</u>
Property and equipment, net	<u>\$ 131,223</u>	<u>\$ 141,223</u>

NOTE 10 – SUBSEQUENT EVENT

Subsequent to year ended December 31, 2018, the Organization discovered external fraud totaling \$51,609. The individuals who committed the fraud, took over the email account of the Organization's CEO while she was on vacation and requested wire payment for two separate invoices totaling \$51,609. As of the report date, no money has been recovered or is expected to be covered.