

Financial Statements

FEAST, Inc.
(a nonprofit organization)
Years Ended December 31, 2021 and 2020



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
FEAST, INC.
Los Angeles, California

We have reviewed the accompanying financial statements of FEAST, INC. (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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 misstatements, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of FEAST, INC. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.





Summarized Comparative Information

We previously reviewed FEAST, INC.'s December 31, 2020 financial statements and in our report dated May 6, 2021, stated that based on our procedures, we were not aware of any material modifications that should be made to the December 31, 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2020 for it to be consistent with the reviewed financial statements from which it has been derived.

Harris CPAs

Meridian, Idaho
July 27, 2022



FEAST, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021
With Comparative Totals as of December 31, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,452,135	\$ 325,027
Investments	0	19,109
Accounts receivable	8,730	8,730
Prepaid expenses	<u>3,140</u>	<u>5,016</u>
Total Current Assets	<u>1,464,005</u>	<u>357,882</u>
Total Assets	<u>\$ 1,464,005</u>	<u>\$ 357,882</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 7,001	\$ 16,917
Other accrued liabilities	923	0
Current portion of long-term debt	<u>580</u>	<u>0</u>
Total Current Liabilities	8,504	16,917
Long-Term Debt, Net of Current Portion	<u>24,420</u>	<u>25,000</u>
Total Liabilities	32,924	41,917
Net Assets		
Without donor restrictions	1,431,081	280,237
With donor restrictions	<u>0</u>	<u>35,728</u>
Total Net Assets	<u>1,431,081</u>	<u>315,965</u>
Total Liabilities and Net Assets	<u>\$ 1,464,005</u>	<u>\$ 357,882</u>

See accompanying notes and independent accountants' review report.

FEAST, INC.**STATEMENTS OF ACTIVITIES****For the Year Ended December 31, 2021****With Comparative Totals for the Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenues and Support				
Contributions	\$ 1,251,184	\$ 0	\$ 1,251,184	\$ 217,416
Grant revenue	160,500	194,296	354,796	279,732
In-kind contributions	56,460		56,460	28,920
Special events	25,615		25,615	0
Service fees	13,401		13,401	35,399
Paycheck Protection Program	58,917		58,917	50,557
Other income	5,546		5,546	5,165
Investment income	<u>2,017</u>		<u>2,017</u>	<u>1,016</u>
	1,573,640	194,296	1,767,936	618,205
Net assets released from restrictions	<u>230,024</u>	<u>(230,024)</u>	<u>0</u>	<u>0</u>
 Total Revenue and Support	 1,803,664	 (35,728)	 1,767,936	 618,205
Expenses				
Program services				
Community	286,939		286,939	169,292
Curriculum	176,343		176,343	197,665
Training	<u>18,460</u>		<u>18,460</u>	<u>18,950</u>
 Total Program Services	 481,742	 0	 481,742	 385,907
Supporting services				
Administrative	83,386		83,386	62,917
Fundraising	<u>87,962</u>		<u>87,692</u>	<u>60,066</u>
 Total Supporting Services	 <u>171,078</u>		 <u>171,078</u>	 <u>122,983</u>
 Total Expenses	 <u>652,820</u>		 <u>652,820</u>	 <u>508,890</u>
 Change in Net Assets	 1,150,844	 (35,728)	 1,115,116	 124,315
Net Assets				
Beginning of Year	<u>280,237</u>	<u>35,728</u>	<u>315,965</u>	<u>191,650</u>
 End of Year	 <u>\$ 1,431,081</u>	 <u>\$ 0</u>	 <u>\$ 1,431,081</u>	 <u>\$ 315,965</u>

See accompanying notes and independent accountants' review report.

FEAST, INC.**STATEMENTS OF FUNCTIONAL EXPENSES****For the Year Ended December 31, 2021****With Comparative Totals for the Year Ended December 31, 2020**

	Program Services			Supporting Services		2021	2020
	Community	Curriculum	Training	Admin	Fundraising	Total	Total
Wages and benefits	\$ 139,684	\$ 126,366	\$ 17,516	\$ 62,415	\$ 65,947	\$ 411,928	\$ 300,370
Supplies	60,809	30,612	695	68	2,342	94,526	88,051
Contract services	8,731	12,416			14,400	35,547	15,707
Rent	35,245					35,245	28,904
Grants and direct assistance	15,303	6,860				22,163	8,963
Professional services				17,498		17,498	17,028
Office supplies	11,328	15	249		1,026	12,618	10,967
Insurance	6,152					6,152	8,103
Other	1,463			1,408	2,307	5,178	5,587
Travel and conferences	3,372	74		589	541	4,576	4,683
Utilities	3,103			888		3,991	2,140
Training	1,749				593	2,342	4,765
Advertising				520	536	1,056	13,622
Total Expenses	<u>\$ 286,939</u>	<u>\$ 176,343</u>	<u>\$ 18,460</u>	<u>\$ 83,386</u>	<u>\$ 87,692</u>	<u>\$ 652,820</u>	<u>\$ 508,890</u>

See accompanying notes and independent accountants' review report.

FEAST, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2021
With Comparative Totals for the Year Ended December 31, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,115,116	\$ 124,315
Adjustments to reconcile change in net assets to net		
Cash provided (used) by operating activities:		
Unrealized gain	0	663
Realized gain	(1,425)	0
PPP loan forgiveness	(58,533)	(49,800)
Changes in operating assets and liabilities:		
Accounts receivable	0	6,270
Prepaid expenses	1,876	472
Accounts payable	(9,916)	12,640
Accrued expense	<u>923</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	1,048,041	94,560
Cash Flows From Investing Activities		
Proceeds from sale of investments	20,534	0
Purchase of investments	<u>0</u>	<u>(19,281)</u>
Net Cash Provided (Used) by Investing Activities	20,534	(19,281)
Cash Flows From Financing Activities		
Proceeds from PPP loan	58,533	49,800
Long-term debt	<u>0</u>	<u>25,000</u>
Net Cash Provided (Used) by Financing Activities	58,533	74,800
Net Change in Cash and Cash Equivalents	1,127,108	150,079
Cash and Cash Equivalents - Beginning of Year	<u>325,027</u>	<u>174,948</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,452,135</u></u>	<u><u>\$ 325,027</u></u>

See accompanying notes and independent accountants' review report.

FEAST, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies

Nature of Organization

FEAST is an independent nonprofit organization with the intention to address the health disparities affecting families throughout the U.S., largely stemming from a broken food system. Starting in 2013, the founders and a team of advisors understood that a healthy life has three main ingredients whole foods, whole people, and whole communities. The team created a holistic program combining practical skills like nutrition education and healthy cooking with a support-group structure that builds deep bonds of friendship and social connection. This integrative approach promotes wellness by harnessing the power of healthy foods and human connection. The program they developed has proven to be incredibly effective with powerful results.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor imposed, time and/or purpose restrictions.

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

FEAST, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Marketable Securities and Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investments and are held at a number of financial institutions. Accounts at certain financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. Investment accounts are insured by the Securities Investor Protection Corporation for up to \$500,000. At December 31, 2021 and 2020 the Organization had uninsured amounts of \$1,173,657 and \$71,268, respectively.

Accounts Receivable

The amount in accounts receivable consist of donations for events. All receivables are non-interest bearing. As of December 31, 2021 and 2020, management determined all accounts are collectible and there is no need for an allowance for doubtful accounts.

Fair Value

The Organization uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair Value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the statements of financial position, which approximates fair value due to their short term, highly liquid nature.

FEAST, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is probable. Revenue generally is recognized net of allowances for returns and any taxes collected from customers and subsequently remitted to governmental authorities. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Special Events and Fundraising

Special events are shown net of costs that are direct benefits related to the ambassador dinner, a special event held annually. These are shown on the statement of activities. The remaining costs are shown in fundraising for donor development and general fundraising

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Donated Investments

The Organization receives stock donations to a brokerage account. The stock is then sold and the money is transferred to an operating bank account. There is a small amount of cash retained in the brokerage account to keep it open and has been include as investments in the statement of financial position.

FEAST, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

In-kind Contributions

The Organization receives in-kind contributions consisting of locally sourced produce. In-kind contributions are recognized as revenue when received and as expenditures when the resources are consumed.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort, occupancy costs and depreciation, which are directly allocated based on their use. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3), and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2021.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2018.

FEAST, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Reclassifications

Certain amounts for the year ended December 31, 2020 have been reclassified to conform to the current year presentation. The reclassifications have no effect on net assets for the year ended December 31, 2020.

Subsequent Events

The Organization has evaluated subsequent events through July 27, 2022, which is the date the financial statements were available to be issued.

Note B – Liquidity and Availability

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 1,431,109
Investments	21,026
Accounts receivable	<u>8,730</u>
Total financial assets available within one year after restriction	<u>\$ 1,460,865</u>

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. At December 31, 2021, all net assets without donor restrictions are available for payment of any major expenditures incurred, except for contributions receivable which are available when the receivable is collected which is expected within one year of the statement of financial position date.

FEAST, INC.
NOTES TO FINANCIAL STATEMENTS

Note C – Investments

Investments as of December 31, are summarized as follows:

	<u>2021</u>	<u>2020</u>
Cost	\$ 0	\$ 18,093
Unrealized gain	<u>0</u>	<u>1,016</u>
Total	<u><u>\$ 0</u></u>	<u><u>\$ 19,109</u></u>

Investment income consists of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 592	\$ 353
Realized gain	1,425	0
Unrealized gain	<u>0</u>	<u>663</u>
Total	<u><u>\$ 2,017</u></u>	<u><u>\$ 1,016</u></u>

The Organization receives stock donations to a brokerage account. The stock is typically sold shortly after it is received and the money is then transferred to an operating bank account. Only a small amount of cash is usually retained in the brokerage account to keep it open and has been included with cash in the statement of financial position. The Organization's investments are held in stocks, the stocks are valued based on identical quoted market prices and considered Level 1 assets. During 2021, the Organization did not receive any stock donations.

FEAST, INC.
NOTES TO FINANCIAL STATEMENTS

Note D – Long-Term Debt

Long-term debt consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Loan payable to U.S. Small Business Administration, payable in monthly installments of \$108 beginning September 2022, including interest at 2.75%. Matures August 2052 with a lump sum payment due. During 2021, this payable had an additional deferment of 6 months. The monthly payments will start January 2023.	\$ 25,000	\$ 25,000
Less current portion	<u>580</u>	<u>0</u>
	<u><u>\$ 24,420</u></u>	<u><u>\$ 25,000</u></u>

Maturities of long-term debt as of December 31, 2021 are as follows:

2023	580
2024	596
2025	613
2026	630
2027	647
Thereafter	<u>21,934</u>
	<u><u>\$ 25,000</u></u>

Note E – Operating Leases

The Organization leases a building under a non-cancellable agreement. The lease expired in March 2022, but the Organization has a renewal term that has continued this lease for an additional year. The Organization is making monthly payments of the original lease agreement amount of \$2,945. Total rent for the years ended December 31, 2021 and 2020 was \$35,245 and \$28,904, respectively.

FEAST, INC.

NOTES TO FINANCIAL STATEMENTS

Note F – Net Assets

The detail of the Organization’s net asset categories at December 31, is as follows:

	<u>2021</u>	<u>2020</u>
Without donor restrictions:		
Net assets without donor restrictions	\$ 1,431,081	\$ 280,237
With donor restrictions:		
Restricted for curriculum purposes	<u>0</u>	<u>35,728</u>
Total net assets	<u>\$ 1,431,081</u>	<u>\$ 315,965</u>

Note G – Paycheck Protection Program Loan

On February 11, 2021 and April 14, 2020 the Organization received loan proceeds in the amount of \$58,533 and \$49,800, respectively, under the Paycheck Protection Program (“PPP”). The PPP was established under the Coronavirus Aid, Relief and Economic Security Act, as amended (“CARES Act”) and is administered by the U.S. Small Business Administration (“SBA”). Under the terms of the CARES Act, PPP loan recipients can apply for loan forgiveness. The potential loan forgiveness for all or a portion of PPP loans is determined, subject to limitations, based on the use of loan proceeds over the 24-weeks after the loan proceeds are disbursed for payment of payroll costs and any payments of mortgage interest, rent, and utilities. The amount of loan forgiveness will be reduced if PPP loan recipients terminate employees or reduce salaries during the covered period.

Generally accepted accounting principles allow entities to apply nonauthoritative guidance by analogy when guidance for a transaction is not specified within U.S. GAAP. Management has elected to account for a PPP loan as a government grant by applying the guidance of International Accounting Standard 20, *Accounting for Government Grants and Disclosure of Government Assistance*.

Management has determined that it meets both the eligibility criteria and the loan forgiveness criteria for all or substantially all of the PPP loan. As a result, the Organization has accounted for the PPP loan as an income-related grant and initially recognized the loan as a deferred income liability. The liability has been recognized as income over the 24 week covered period which the Organization recognized the expenses that the PPP loan was intended to offset.

FEAST, INC.
NOTES TO FINANCIAL STATEMENTS

Note G – Paycheck Protection Program Loan (Continued)

On October 7, 2021 and October 21, 2020, the Organization was notified that its application for loan forgiveness had been accepted, and that no payments on the loan would be required. The PPP loans were recognized as income in the year ended December 31, 2021 and 2020, respectively.