



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



Independent Auditor's Report

Board of Directors
Civil Eats
Cotati, CA

Opinion

We have audited the accompanying financial statements of Civil Eats, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Civil Eats as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Civil Eats and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Civil Eats's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Civil Eats's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Civil Eats's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Certified Public Accountants

Bethesda, Maryland
August 31, 20223

Civil Eats

Statement of Financial Position December 31, 2022

Assets

Cash	\$ 1,163,742
Grants and Contributions Receivable	101,500
Prepaid Expenses	8,697
Property and Equipment, Net	<u>15,545</u>
Total Assets	<u>\$ 1,289,484</u>

Liabilities and Net Assets

Liabilities

Accounts Payable and Accrued Expenses	<u>\$ 7,619</u>
Total Liabilities	<u>7,619</u>

Net Assets

Without Donor Restrictions	1,151,865
With Donor Restrictions	<u>130,000</u>
Total Net Assets	1,281,865
Total Liabilities and Net Assets	<u>\$ 1,289,484</u>

See Accompanying Notes to Financial Statements

Civil Eats

Statement of Activities For The Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Grants and Contributions	\$ 647,591	\$ 65,000	\$ 712,591
In-Kind Contributions	47,540	-	47,540
Contract Services	4,950	-	4,950
Other	3,343	-	3,343
Net Assets Released from Restrictions	166,250	(166,250)	-
Total Revenues and Support	869,674	(101,250)	768,424
Expenses			
Program	587,610	-	587,610
Supporting Services			
General and Administrative	166,236	-	166,236
Fundraising	97,389	-	97,389
Total Supporting Services	263,625	-	263,625
Total Expenses	851,235	-	851,235
Change in Net Assets	18,439	(101,250)	(82,811)
Net Assets, Beginning of Year	1,133,426	231,250	1,364,676
Net Assets, End of Year	\$ 1,151,865	\$ 130,000	\$ 1,281,865

See Accompanying Notes to Financial Statements

Civil Eats

Statement of Functional Expenses For The Year Ended December 31, 2022

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 408,009	\$ 52,308	\$ 62,771	\$ 523,088
Professional Fees	158,367	94,587	12,500	265,454
Insurance	-	5,796	-	5,796
Office Expense	10,888	8,143	17,118	36,149
Marketing	9,177	13	5,000	14,190
Meetings	1,169	322	-	1,491
Depreciation	-	5,067	-	5,067
Total	<u>\$ 587,610</u>	<u>\$ 166,236</u>	<u>\$ 97,389</u>	<u>\$ 851,235</u>

See Accompanying Notes to Financial Statements

Civil Eats

Statement of Cash Flows For The Year Ended December 31, 2022

Cash Flows from Operating Activities

Increase (Decrease) in Net Assets	\$ (82,811)
Adjustments to Reconcile Change In Net Assets to Net Cash Provided by (Used in) Operating Activities	
Depreciation	\$ 5,067
(Increase) Decrease in Assets	
Grants and Contributions Receivable	115,750
Prepaid Expenses	1,100
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Expenses	<u>(2,381)</u>
Net Cash Provided By (Used In) Operating Activities	<u>36,725</u>
Increase (Decrease) in Cash	36,725
Cash, Beginning of Year	<u>1,127,017</u>
Cash, End of Year	<u>\$ 1,163,742</u>

See Accompanying Notes to Financial Statements

Civil Eats

Notes to Financial Statements December 31, 2022

1. ORGANIZATION

Civil Eats (Civil Eats) is a nonprofit news organization founded in 2009 with more 150 contributors who report on the evolving food landscape from Capitol Hill to Main Street. Civil Eats is a daily news source for critical thought about the American food system. Civil Eats publishes stories that shift the conversation around sustainable agriculture in an effort to build economically and socially just communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of Civil Eats have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires Civil Eats to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Civil Eats. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Civil Eats or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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.

Grants and Contributions Receivable

Unconditional grants and contributions receivable are recognized as revenue in the year promised. Conditional pledges to give are recognized when the conditions on which they depend are met. Unconditional contributions receivable are expected to be collected within one year. Unconditional grants and contributions receivable are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and Civil Eats' historical collection experience. There was no allowance for doubtful accounts as of December 31, 2022.

Civil Eats

Notes to Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Civil Eats follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$2,000. Depreciation and amortization is charged to activities using the straight-line method over the estimated useful lives of each asset. Civil Eats has capitalized the costs to build its website. Depreciation expense for the year ended December 31, 2022, was \$5,067.

Revenue Recognition

Grants and contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field. Management considers all outstanding contributions receivable amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Civil Eats charges membership and subscription fees for full and unlimited access to its online content. These charges are recognized as revenue when contributed because the payer does not receive commensurate value in return for the donation.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, office expenses have been allocated among the programs and supporting services benefits allocated on the basis of employee time and effort.

Income Taxes

Civil Eats is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. 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, Civil Eats may recognize the 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. Examples of tax positions include the tax-exempt status of Civil Eats and various positions related to the potential sources of unrelated business taxable income (UBIT).

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% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities at December 31, 2022.

Civil Eats

Notes to Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Civil Eats' policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during 2022.

New Accounting Pronouncements

In 2016, FASB issued ASU 2016-02, Leases (Topic 842). Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. The new standard applies to finance and operating leases entered into after the standard was issued. Civil Eats does not have any leases requiring recognition on the statement of financial position.

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. This standard was adopted in the current fiscal year and did not have a significant impact on the financial statements, with the exception of increased disclosure.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). This guidance requires Organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance is effective beginning in 2023.

Subsequent Events

Management has evaluated subsequent events through August 31, 2023 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

Civil Eats maintains its cash at a federally insured financial institution. As of December 31, 2022, Civil Eats exceeded the FDIC limit by approximately \$765,000.

Subsequent to year end, Civil Eats opened a Certificate of Deposit Account Registry Service (CDARS) account that allocates deposits into multiple financial institutions to secure full FDIC coverage.

Civil Eats

Notes to Financial Statements December 31, 2022

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional, without donor purpose-restrictions and expected to be collected as follows as of December 31, 2022:

2023	\$ 101,500
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5. NET ASSETS

Net assets with donor restrictions as of and for the year ended December 31, 2022 are as follows:

	Beginning of Year	Contributions	Releases	End of Year
School Food and Nutrition	\$ 15,000	\$ 35,000	\$ (35,000)	\$ 15,000
Indigenous Foodways Fellowship	-	30,000	-	30,000
Time Restricted	216,250	-	(131,250)	85,000
Total	\$ 231,250	\$ 65,000	\$ (166,250)	\$ 130,000

As of December 31, 2022, net assets without donor restrictions were undesignated.

6. IN-KIND CONTRIBUTIONS

Civil Eats received donated services for legal and fundraising services. Donated legal and fundraising services valued at \$24,640 and \$22,900, respectively, have been recognized in the accompanying statement of activities for the year ended December 31, 2022. These services were valued at the cost of the services that Civil Eats would have paid if the services were not donated.

7. LIQUIDITY AND AVAILABILITY

The following represents Civil Eats' financial assets at December 31, 2022:

Financial Assets at Year End:

Cash	\$ 1,163,742
Grants and Contributions Receivable	101,500
Total Financial Assets	1,265,242

Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	(130,000)
Restricted Net Assets To Be Used Within One Year	130,000
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Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	\$ 1,265,242
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Civil Eats

**Notes to Financial Statements
December 31, 2022**

7. LIQUIDITY AND AVAILABILITY (CONTINUED)

As part of Civil Eats' liquidity management plan, cash in excess of daily requirements is income generating accounts.