

EATS Park City

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

As of and for the Year Ended June 30, 2021



EATS Park City

C O N T E N T S

	<u>Page</u>
Independent Auditor's Report	2 - 3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 12



Independent Auditor's Report

The Board of Directors
EATS Park City

Opinion

We have audited the accompanying financial statements of **EATS Park City** (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **EATS Park City** as of June 30, 2021, and the changes in its net assets and 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 **EATS Park City** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

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 **EATS Park City'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 judgement 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 **EATS Park City'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 **EATS Park City'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.

A handwritten signature in black ink that reads "Larson Company P.C." in a cursive, flowing script.

Salt Lake City, Utah
August 25, 2021

EATS Park City
Statement of Financial Position
As of June 30, 2021

<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 177,457
Promises to give	24,156
Other current assets	<u>1,103</u>
Total current assets	202,716
Other assets	<u>2,500</u>
Total assets	<u><u>\$ 205,216</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable	\$ 4,681
Accrued liabilities	12,947
Refundable advance	<u>39,795</u>
Total current liabilities	<u>57,423</u>
Net assets:	
Without donor restriction	147,793
With donor restriction	<u>-</u>
Total net assets	<u>147,793</u>
Total liabilities and net assets	<u><u>\$ 205,216</u></u>

The accompanying notes to the financial statements
are an integral part of these financial statements

EATS Park City
Statement of Activities
For the Year Ended June 30, 2021

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Change in net assets:			
Support and revenues:			
Direct public grants	\$ 108,789	\$ -	\$ 108,789
Direct public support	119,357	-	119,357
Special events (net of direct expenses of \$35,546)	50,564	-	50,564
Government support	33,935	-	33,935
Other revenue	22,256	-	22,256
Total support and revenues	<u>334,901</u>	<u>-</u>	<u>334,901</u>
Functional expenses:			
Program services	212,423	-	212,423
Management and general	97,352	-	97,352
Fundraising	25,871	-	25,871
Total functional expenses	<u>335,646</u>	<u>-</u>	<u>335,646</u>
Total change in net assets	(745)	-	(745)
Net assets, beginning of year	<u>148,538</u>	<u>-</u>	<u>148,538</u>
Net assets, end of year	<u><u>\$ 147,793</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 147,793</u></u>

The accompanying notes to the financial statements
are an integral part of these financial statements

EATS Park City
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program services	Management and general	Fundraising	Total
Salaries and wages	\$ 92,917	\$ 85,130	\$ 16,155	\$ 194,202
Other employee benefits	660	285	349	1,294
Payroll taxes	6,958	4,747	3,301	15,006
Professional services	5,647	1,572	1,933	9,152
Advertising and promotion	1,011	436	536	1,983
Office expenses	919	398	487	1,804
Information technology	9,347	382	486	10,215
Occupancy	19,880	3,479	1,491	24,850
Sustainability	32,033	-	-	32,033
Food security	21,217	-	-	21,217
Education	14,439	-	-	14,439
Advocacy	2,349	-	-	2,349
Other expenses	5,046	923	1,133	7,102
Total functional expenses	\$ 212,423	\$ 97,352	\$ 25,871	\$ 335,646

The accompanying notes to the financial statements
are an integral part of these financial statements

EATS Park City
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities:	
Change in net assets	\$ (745)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
(Increase) decrease in assets:	
Accounts receivable	3,760
Other current assets	(1,103)
Increase (decrease) in liabilities:	
Accounts payable	4,569
Accrued liabilities	5,124
Refundable advance	3,295
Deferred revenues	(10,200)
Net cash flows from operating activities	<u>4,700</u>
Net change in cash and cash equivalents	4,700
Cash and cash equivalents, beginning of year	<u>172,757</u>
Cash and cash equivalents, end of year	<u><u>\$ 177,457</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for income taxes	<u><u>\$ -</u></u>
Cash paid for interest	<u><u>\$ -</u></u>

The accompanying notes to the financial statements
are an integral part of these financial statements

EATS Park City
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

EATS (Eat Awesome Things) Park City (the “Organization”) is a 501(c)(3) nonprofit entity incorporated in 2014 in the State of Utah. EATS Park City is dedicated to empowering and growing healthy communities with fun, food, and nutrition. Addressing diet-related illnesses, malnutrition, and obesity, EATS’ holistic programs directly respond to these widespread and alarming issues through various community partnerships to include Summit County school districts.

Recent Developments Related to COVID-19

The World Health Organization has declared the recent outbreak to constitute a “Public Health Emergency of International Concern.” The outbreak has caused business disruption through mandated and voluntary closings of various industry business operations. While the disruption is expected to be temporary, the exact financial impact and duration cannot be reasonably estimated at this time.

Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

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 the Organization. These net assets may be used at the discretion of the Organization’s management and 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 the Organization by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“U.S. 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.

EATS Park City
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable and promises to give are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management's analysis of specific balances. An account is written off when it is determined that all collection efforts have been exhausted.

Other Assets

The Organization defers expenses and costs at year end which are related to the subsequent year and such items are included as other assets in the statement of financial position.

Refundable Advance

During the year ended June 30, 2021, the Organization obtained a second Paycheck Protection Program Loan ("PPP Loan") from a financial institution in the amount of \$39,795. The Organization has elected to account for its PPP Loan in accordance with FASB ASC 958-605 as a conditional contribution. The refundable advance is reduced and recognized as a contribution as the conditions of release have been met or explicitly waived. The Organization considers the conditions of release to be met upon notification of forgiveness from the financial institution. During the year ended June 30, 2021, the Organization received notification of forgiveness of its first PPP loan in the amount of \$33,935. This amount was recognized as government support during the year ended June 30, 2021 as the conditions of release had been met.

Contributions and In-kind Donations

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

During the year ended June 30, 2021, the Organization recognized \$1,415 and \$2,926 in in-kind contributions of goods and services, respectively.

EATS Park City
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and In-kind Donations (Continued)

Many individuals donate their time in support of the Organization's programs. The value of these donated services are only recognized in the financial statements if the services meet the criteria for recognition under U.S. generally accepted accounting principles.

Revenue Recognition

The Organization recognizes revenue under the core principle of depicting the transfer of promised goods and services to its customers in an amount that reflects the consideration to which it expects to be entitled. In order to achieve that core principle, the Organization applies the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The Organization recognizes revenue when (or as) a performance obligation is satisfied by transferring promised goods or services to a customer. Customers may obtain the control of promised goods or services over time or at a point in time.

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the applicable functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. The Organization feels the current presentation of the statement of activities presents the expense by function and nature as required by U.S. GAAP.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense was \$1,983 for the year ended June 30, 2021. The Organization defers the costs of direct-response advertising and recognizes the expense in the period when the related revenue is earned.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for federal or state income tax. The Organization remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purposes for which the Organization was granted exempt status.

EATS Park City
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Management evaluates tax positions taken or expected to be taken in preparation of the Organization's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. The Organization's Returns of Organization Exempt from Income Tax (Form 990) generally remain subject to examination by the Internal Revenue Service for three years after they are filed.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year, comprise the following:

Cash and cash equivalents	\$ 177,457
Accounts receivable	<u>24,156</u>
Total financial assets	201,613
Less: accounts payable	(4,681)
Less: accrued liabilities	<u>(12,947)</u>
Total financial assets available for general expenditure within one year	<u><u>\$ 183,985</u></u>

Additionally, the Organization has an outstanding PPP loan in the amount of \$39,795. The funds received from this loan will be used for qualified expenditures and is expected to be forgiven. As such, funding from this PPP loan will be available for use toward qualified expenditures within one year of the financial statement date.

3. CONCENTRATIONS OF CREDIT AND MARKET RISK

The Organization maintains its cash and cash equivalent balances in financial institution accounts which are federally insured up to \$250,000 as established by the Federal Deposit Insurance Corporation ("FDIC"). At times, the Organization may have deposits exceed FDIC limits. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk.

EATS Park City
Notes to the Financial Statements
For the Year Ended June 30, 2021

4. REVENUE FROM CONTRACTS

The following table provides information about significant changes in the Organization's contract liabilities from its contracts with customers for the year ended June 30, 2021:

Deferred revenue, beginning of year	\$ 10,200
Reductions due to revenue recognized in current year	(10,200)
Increase due to cash received for future performance obligations	<u>-</u>
Deferred revenue, end of year	<u><u>\$ -</u></u>

5. LEASES

The Organization maintains an operating lease for the building in which it operates. The lease commenced in February 2020 and the monthly payment was approximately \$1,500 as of the year ended June 30, 2021. The lease expires in December 2022.

Future minimum rental obligations on the lease in effect at June 30, 2021 are as follows:

Years ending June 30,

2022	\$ 18,800
2023	9,500
Thereafter	<u>-</u>
Total future minimum payments	<u><u>\$ 28,300</u></u>

Total rent expense for the year ended June 30, 2021 was \$24,850.

6. SUBSEQUENT EVENTS

Management has evaluated events and accounts through the date of the independent auditor's report, which is the date the financial statements were available to be issued.