

STOP FOODBORNE ILLNESS, INC.

Financial Statements

Years Ended December 31, 2020 and 2019

(With Auditor's Report)

**STOP FOODBORNE ILLNESS, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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 18, 2021

STOP FOODBORNE ILLNESS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 392,765	\$ 327,089
Unconditional Promises to Give, without donor restriction	131,215	126,215
Unconditional Promises to Give, with donor restriction	260,000	100,000
Prepaid Expenses	24,378	24,615
Property and Equipment, net	1,729	1,012
Deposits	1,350	1,350
	<u>811,437</u>	<u>580,281</u>
<u>TOTAL ASSETS</u>	<u>\$ 811,437</u>	<u>\$ 580,281</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 29,212	\$ 57,530
SBA Economic Disaster Loan	82,383	-
	<u>111,595</u>	<u>57,530</u>
<u>TOTAL LIABILITIES</u>	<u>111,595</u>	<u>57,530</u>

NET ASSETS

Without Donor Restrictions	173,618	140,301
With Donor Restrictions	526,224	382,450
	<u>699,842</u>	<u>522,751</u>
<u>TOTAL NET ASSETS</u>	<u>699,842</u>	<u>522,751</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 811,437</u>	<u>\$ 580,281</u>

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2020 and 2019

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	2020 Totals	Without Donor Restrictions	With Donor Restrictions	2019 Totals
<u>SUPPORT AND REVENUES:</u>						
Contributions:						
Businesses	\$ 5,600	\$ 361,000	\$ 366,600	\$ 4,740	\$ 295,000	\$ 299,740
Individuals	7,486	-	7,486	8,296	-	8,296
Foundations and Others	522,940	-	522,940	512,338	-	512,338
Interest Income	5	-	5	3	-	3
In Kind Donations	-	-	-	20,275	-	20,275
Other Income	870	-	870	1,655	-	1,655
Net Assets Released from Restrictions						
Satisfaction of Program Restriction Expenditures	217,226	(217,226)	-	152,557	(152,557)	-
<u>TOTAL SUPPORT AND REVENUES</u>	754,127	143,774	897,901	699,864	142,443	842,307
<u>EXPENSES:</u>						
Programs	635,140		635,140	565,353		565,353
Supporting Services:						
General and Administrative	57,033	-	57,033	61,497	-	61,497
Fundraising	28,637	-	28,637	22,382	-	22,382
Total Supporting Services	85,670	-	85,670	83,879	-	83,879
<u>TOTAL EXPENSES</u>	720,810	-	720,810	649,232	-	649,232
<u>INCREASE IN NET ASSETS BEFORE LOSS FROM EXTERNAL FRAUD</u>	33,317	143,774	177,091	50,632	142,443	193,075
<u>LOSS DUE TO EXTERNAL FRAUD</u>	-	-	-	(51,609)	-	(51,609)
CHANGE IN NET ASSETS	33,317	143,774	177,091	(977)	142,443	141,466
NET ASSETS, BEGINNING OF YEAR	140,301	382,450	522,751	141,278	240,007	381,285
<u>NET ASSETS, END OF YEAR</u>	\$ 173,618	\$ 526,224	\$ 699,842	\$ 140,301	\$ 382,450	\$ 522,751

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020 and 2019

	Year Ended December 31, 2020				Year Ended December 31, 2019			
	Program Services	General and Administrative	Fundraising	Total 2020	Program Services	General and Administrative	Fundraising	Total 2019
Personnel Costs:								
Salaries and Wages	\$ 378,761	\$ 24,973	\$ 12,487	\$ 416,221	\$ 231,586	\$ 15,269	\$ 7,635	\$ 254,490
Payroll Taxes	28,867	1,903	952	31,722	18,874	1,244	622	20,740
Employee Benefits	37,368	2,464	1,232	41,064	29,732	1,960	980	32,672
Other	3,293	217	109	3,619	3,841	253	127	4,221
Travel and Related Costs:								
Travel	2,153	50	272	2,475	9,906	228	1,252	11,386
Lodging	3,009	69	380	3,458	8,148	187	1,030	9,365
Meals	627	261	157	1,045	1,007	420	252	1,679
Registration	3,804	1,585	951	6,340	—	—	—	—
Professional Fees								
Accounting and Auditing	—	5,900	—	5,900	—	5,515	—	5,515
Development Consulting	5,881	3,208	1,604	10,693	3,717	2,027	1,014	6,758
Information Technology	8,685	1,022	511	10,218	8,053	947	474	9,474
In-kind legal services	—	—	—	—	—	20,275	—	20,275
Marketing	34,985	4,116	2,058	41,159	28,829	3,392	1,696	33,917
Other	21	2	10	33	50	4	23	77
Direct Program Costs								
Presentation Costs	956	—	—	956	5,913	—	—	5,913
Printed Materials	—	—	—	—	103	—	—	103
Other	43,787	—	—	43,787	106	—	—	106
Dave Theno Fellowship Expenses	—	—	—	—	55,504	—	—	55,504
Alliance to STOP Foodborne Illness Expenses	—	—	—	—	97,053	—	—	97,053
Communications and Marketing								
Website	28,036	3,298	1,649	32,983	11,624	1,368	684	13,676
E-Tapestry	7,284	428	857	8,569	6,646	391	782	7,819
Occupancy								
Rent	28,139	3,234	970	32,343	22,371	2,571	771	25,713
Utilities	2,191	252	76	2,519	1,905	219	66	2,190
Maintenance and Other	—	—	—	—	2	12	—	14
Office and Administrative								
Supplies	4,332	510	255	5,097	5,342	629	314	6,285
Postage and Delivery	6	1	—	7	605	71	36	712
Printing and Stationery	269	32	16	317	291	34	17	342
Computer Expenses	675	79	40	794	1,295	152	76	1,523
Telephone and Internet	8,404	989	494	9,887	7,800	918	459	9,177
Insurance	1,671	2,038	367	4,076	2,549	3,109	560	6,218
Board Expenses	—	163	—	163	—	—	—	—
Development Expenses	—	—	3,052	3,052	—	—	3,348	3,348
Other	1,331	157	78	1,566	2,072	244	122	2,438
Depreciation	605	82	60	747	429	58	42	529
	<u>\$ 635,140</u>	<u>\$ 57,033</u>	<u>\$ 28,637</u>	<u>\$ 720,810</u>	<u>\$ 565,353</u>	<u>\$ 61,497</u>	<u>\$ 22,382</u>	<u>\$ 649,232</u>

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Increase in Net Assets	\$ 177,091	\$ 141,466
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	747	530
Decrease (Increase) in Assets:		
Unconditional Promises to Give	(165,000)	(91,249)
Prepaid Expenses	237	(8,655)
Decrease in Liabilities:		
Accounts Payable and Accrued Expenses	(28,318)	(37,455)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	(15,243)	4,637
 <u>CASH FLOW FROM INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	(1,464)	(766)
<u>NET CASH USED BY INVESTING ACTIVITIES</u>	(1,464)	(766)
 <u>CASH FLOW FROM FINANCING ACTIVITIES:</u>		
Proceeds from SBA Economic Disaster Loan	82,383	-
	82,383	-
<u>NET INCREASE IN CASH</u>	65,676	3,871
 <u>CASH AT BEGINNING OF YEAR</u>	327,089	323,218
<u>CASH AT END OF YEAR</u> \$	392,765	\$ 327,089

See Accompanying Notes to Financial Statements.

STOP FOODBORNE ILLNESS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 AND 2019

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, 2020 and 2019, 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, 2020 and 2019.

STOP FOODBORNE ILLNESS, INC.
NOTES TO THE FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2020 AND 2019

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, 2020, 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 services related to legal services performed in an attempt to recover funds fraudulently stolen are recognized at estimated fair values when received and totaled \$20,275 was expensed during the year ended December 31, 2019.

STOP FOODBORNE ILLNESS, INC.
NOTES TO THE FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2020 AND 2019

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

BOARD REVIEW

The Organization has evaluated subsequent events through the date which the financial statements were available to be issued which is the date of the Independent Auditor's Report.

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, 2020 and 2019, approximately 56% and 59% of the Organization's total support and revenues came from one foundation (formerly corporate donor), respectively. Should funding by this foundation 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture	\$ 7,044	\$ 7,044
Equipment	34,613	33,148
Website development	14,930	14,931
	<u>56,587</u>	<u>55,124</u>
Accumulated depreciation	<u>(54,858)</u>	<u>(54,111)</u>
Property and equipment, net	<u>\$ 1,729</u>	<u>\$ 1,012</u>

STOP FOODBORNE ILLNESS, INC.
NOTES TO THE FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2020 AND 2019

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. In May 2019, the studio apartment lease was renewed through August 31, 2019. In August 2019, the lease was renewed through August 31, 2020. Future annual minimum rentals under the leases are as follows at December 31, 2020:

	2021	<u>\$</u>	<u>3,766</u>
		<u>\$</u>	<u>3,766</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Subject to Satisfaction of Program Restricted Expenditures:		
Dave Theno Fellowship	\$ 80,967	\$ 31,620
Alliance to STOP Foodborne Illness	<u>445,257</u>	<u>350,830</u>
Total net assets with donor restrictions	<u>\$ 526,224</u>	<u>\$ 382,450</u>

During the year ended December 31, 2020, expenses for the restricted programs above were allocated to the respective expense line items under program services rather than presented separately. Total expenses for the Dave Theno Fellowship and Alliance to STOP Foodborne Illness were \$51,653 and \$165,573, respectively, for the year ended June 30, 2020.

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 \$523,980 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 \$392,765 and promises to give of \$131,215. 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, 2020 AND 2019

NOTE 8 – PROMISES TO GIVE

Unconditional promises to give consists of the following:

	2020	2019
Promises without donor restrictions		
The Roth and Letch Family Charitable Foundation	\$ 125,000	\$ 125,000
The Cheesecake Factory, Inc.	5,000	-
Other donors	1,215	1,215
	\$ 131,215	\$ 126,215
 Promises with donor restrictions		
Amazon.com Services, Inc.	25,000	25,000
The Coca-Cola Company	25,000	-
Conagra Brands	25,000	-
Maple Leaf Foods	25,000	-
Walmart, Inc.	25,000	-
Wegmans Food Markets	20,000	-
Nestle	25,000	-
Costco Wholesale	25,000	25,000
Cargill, Inc.	25,000	25,000
LGMA	15,000	-
Mars Incorporated	25,000	25,000
	\$ 260,000	\$ 100,000

NOTE 9 – EXTERNAL FRAUD

In January 2019, 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. The Organization has implemented internal controls including wire security protocols with the banking institution in order to mitigate future external fraud of the same nature.

NOTE 10 - SMALL BUSINESS ADMINISTRATION ECONOMIC DISASTER LOANS

During the year ended December 31, 2020, the Organization received \$82,383 through COVID-19 programs that were sponsored by the United States and administered by the Small Business Administration (the “SBA”). The most notable program was the Payroll Protection Program (or “PPP”). The Organization’s PPP loan, \$82,383, has a two-year term and bears interest at 1% per annum. Under the PPP, the Organization can be granted forgiveness for all or a portion of these loans based on the Organization’s spending on payroll and utilities. Subsequent to December 31, 2020, the Organization was notified that the loan was completely forgiven and grant revenue was recognized accordingly.