

JUST HARVEST EDUCATION FUND

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FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

**JUST HARVEST EDUCATION FUND**  
PITTSBURGH, PENNSYLVANIA

FINANCIAL STATEMENTS

WITH REPORT BY  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEARS ENDED  
DECEMBER 31, 2016 AND 2015**

**JUST HARVEST EDUCATION FUND**

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# **Mark C. Turnley**

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*Certified Public Accountant*

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**Board of Directors  
Just Harvest Education Fund**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying financial statements of the Just Harvest Education Fund (a nonprofit organization) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Just Harvest's basic financial statements as listed in the table of contents. The financial statements of the Just Harvest Education Fund as of December 31, 2015 and for the year then ended were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated July 3, 2017.

### **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**

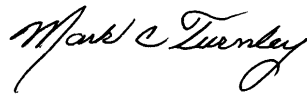
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Just Harvest Education Fund'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 Just Harvest Education Fund's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Just Harvest Education Fund as of December 31, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, reading "Mark C. Turnley". The signature is written in a cursive style with a large, stylized initial "M".

Mark C. Turnley  
Certified Public Accountant

June 4, 2018  
New Brighton, Pennsylvania

**JUST HARVEST EDUCATION FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31,**

|                                          | <u>2016</u>              | <u>2015</u>              |
|------------------------------------------|--------------------------|--------------------------|
| <b><u>ASSETS</u></b>                     |                          |                          |
| <b><u>CURRENT ASSETS</u></b>             |                          |                          |
| Cash and Cash Equivalents                | \$ 175,457               | \$ 129,787               |
| Grants Receivable                        | 5,960                    | 293,880                  |
| <b>TOTAL CURRENT ASSETS</b>              | <b><u>\$ 181,417</u></b> | <b><u>\$ 423,667</u></b> |
| <b><u>FIXED ASSETS</u></b>               |                          |                          |
| Equipment                                | 32,949                   | 30,146                   |
| Less: Accumulated Depreciation           | (21,851)                 | (17,418)                 |
| <b>TOTAL FIXED ASSETS (NET)</b>          | <b><u>\$ 11,098</u></b>  | <b><u>\$ 12,728</u></b>  |
| <b>TOTAL ASSETS</b>                      | <b><u>\$ 192,515</u></b> | <b><u>\$ 436,395</u></b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b> |                          |                          |
| <b><u>CURRENT LIABILITIES</u></b>        |                          |                          |
| Accounts Payable                         | \$ 1,133                 | \$ 3,751                 |
| <b>TOTAL CURRENT LIABILITIES</b>         | <b><u>\$ 1,133</u></b>   | <b><u>\$ 3,751</u></b>   |
| <b><u>NET ASSETS</u></b>                 |                          |                          |
| Temporarily Restricted                   | \$ 159,823               | \$ 151,900               |
| Unrestricted                             | 31,559                   | 280,744                  |
| <b>TOTAL NET ASSETS</b>                  | <b><u>\$ 191,382</u></b> | <b><u>\$ 432,644</u></b> |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b><u>\$ 192,515</u></b> | <b><u>\$ 436,395</u></b> |

The accompanying notes are an integral part of these financial statements

**JUST HARVEST - EDUCATION FUND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                                     | <u>UNRESTRICTED</u>        | <u>TEMPORARILY<br/>RESTRICTED</u> | <u>TOTAL</u>               |
|-----------------------------------------------------|----------------------------|-----------------------------------|----------------------------|
| <b><u>REVENUE AND OTHER SUPPORT:</u></b>            |                            |                                   |                            |
| Contributions                                       | \$ 32,259                  | \$ -                              | \$ 32,259                  |
| Contracted Services                                 | 31,750                     | -                                 | 31,750                     |
| Grants                                              | 61,000                     | 295,909                           | 356,909                    |
| Program Service Fees (Farmer's Market)              | 172,620                    | -                                 | 172,620                    |
| Special Events (Net of Related Expenses of \$8,000) | 10,650                     | -                                 | 10,650                     |
| Miscellaneous Revenue                               | 1,273                      | -                                 | 1,273                      |
| Net Assets Released from Temporary Restrictions     | 287,986                    | (287,986)                         | -                          |
| <b>TOTAL REVENUE AND OTHER SUPPORT</b>              | <b><u>\$ 597,538</u></b>   | <b><u>\$ 7,923</u></b>            | <b><u>\$ 605,461</u></b>   |
| <b><u>EXPENSES</u></b>                              |                            |                                   |                            |
| Program Services                                    | \$ 769,903                 | \$ -                              | \$ 769,903                 |
| Management and General                              | 49,195                     | -                                 | 49,195                     |
| Fundraising                                         | 27,625                     | -                                 | 27,625                     |
| <b>TOTAL PROGRAM EXPENSES</b>                       | <b><u>\$ 846,723</u></b>   | <b><u>\$ -</u></b>                | <b><u>\$ 846,723</u></b>   |
| <b>CHANGE IN NET ASSETS</b>                         | <b><u>\$ (249,185)</u></b> | <b><u>\$ 7,923</u></b>            | <b><u>\$ (241,262)</u></b> |
| NET ASSETS - JANUARY 1, 2016                        | <u>280,744</u>             | <u>151,900</u>                    | <u>432,644</u>             |
| <b>NET ASSETS - DECEMBER 31, 2016</b>               | <b><u>\$ 31,559</u></b>    | <b><u>\$ 159,823</u></b>          | <b><u>\$ 191,382</u></b>   |

The accompanying notes are an integral part of these financial statements

**JUST HARVEST EDUCATION FUND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|                                                     | <u>UNRESTRICTED</u>             | <u>TEMPORARILY<br/>RESTRICTED</u> | <u>TOTAL</u>                    |
|-----------------------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| <b><u>REVENUE AND OTHER SUPPORT:</u></b>            |                                 |                                   |                                 |
| Contributions                                       | \$ 18,315                       | \$ -                              | \$ 18,315                       |
| Contracted Services                                 | 27,500                          | -                                 | 27,500                          |
| Grants                                              | 262,286                         | 243,585                           | 505,871                         |
| Program Service Fees (Farmer's Market)              | 153,978                         | -                                 | 153,978                         |
| Special Events (Net of Related Expenses of \$6,000) | 3,532                           | -                                 | 3,532                           |
| Miscellaneous Revenue                               | 785                             | -                                 | 785                             |
| Net Assets Released from Temporary Restrictions     | 402,610                         | (402,610)                         | -                               |
| <b>TOTAL REVENUE AND OTHER SUPPORT</b>              | <b><u>\$ 869,006</u></b>        | <b><u>\$ (159,025)</u></b>        | <b><u>\$ 709,981</u></b>        |
| <b><u>EXPENSES</u></b>                              |                                 |                                   |                                 |
| Program Services                                    | \$ 709,283                      | \$ -                              | \$ 709,283                      |
| Management and General                              | 43,036                          | -                                 | 43,036                          |
| Fundraising                                         | 26,312                          | -                                 | 26,312                          |
| <b>TOTAL PROGRAM EXPENSES</b>                       | <b><u>\$ 778,631</u></b>        | <b><u>\$ -</u></b>                | <b><u>\$ 778,631</u></b>        |
| <b>CHANGE IN NET ASSETS</b>                         | <b><u>\$ 90,375</u></b>         | <b><u>\$ (159,025)</u></b>        | <b><u>\$ (68,650)</u></b>       |
| NET ASSETS - JANUARY 1, 2015                        | <u>190,369</u>                  | <u>310,925</u>                    | <u>501,294</u>                  |
| <b>NET ASSETS - DECEMBER 31, 2015</b>               | <b><u><u>\$ 280,744</u></u></b> | <b><u><u>\$ 151,900</u></u></b>   | <b><u><u>\$ 432,644</u></u></b> |

The accompanying notes are an integral part of these financial statements



**JUST HARVEST EDUCATION FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                  | <b>PROGRAM<br/>SERVICES</b> | <b>MANAGEMENT<br/>AND GENERAL</b> | <b>FUNDRAISING</b> | <b>TOTAL</b>      |
|----------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Salaries                         | \$ 366,341                  | \$ 30,736                         | \$ 18,276          | \$ 415,353        |
| Payroll Taxes                    | 33,825                      | 2,838                             | 1,687              | 38,350            |
| Health Insurance                 | 59,532                      | 4,995                             | 2,970              | 67,497            |
| Consulting                       | 6,025                       | -                                 | -                  | 6,025             |
| Professional Fees                | -                           | 2,915                             | -                  | 2,915             |
| Rent                             | 22,862                      | 1,918                             | 1,140              | 25,920            |
| Interns/Volunteers Stipends      | 8,757                       | 98                                | 929                | 9,784             |
| Printing                         | 10,158                      | 851                               | 507                | 11,516            |
| Telecommunications               | 7,483                       | 628                               | 373                | 8,484             |
| Office Supplies                  | 6,054                       | 508                               | 301                | 6,863             |
| Travel Staff and Leadership      | 8,260                       | 693                               | 412                | 9,365             |
| Charge Card Fees                 | 4,373                       | 144                               | 243                | 4,760             |
| Sub-contracted Services          | 4,000                       | -                                 | -                  | 4,000             |
| Postage                          | 2,425                       | 204                               | 121                | 2,750             |
| Farmer's Market Vendor Payments  | 180,896                     | -                                 | -                  | 180,896           |
| Program Expenses                 | 3,035                       | -                                 | -                  | 3,035             |
| Photocopying                     | 1,916                       | 161                               | 96                 | 2,173             |
| Equipment                        | 674                         | 57                                | 34                 | 765               |
| Insurance                        | 1,313                       | 110                               | 66                 | 1,489             |
| Janitorial                       | 2,896                       | 243                               | 145                | 3,284             |
| Workshops Training/Conference    | 2,603                       | 218                               | 130                | 2,951             |
| Subscriptions/Memberships        | 1,129                       | -                                 | -                  | 1,129             |
| Advertising                      | -                           | 632                               | -                  | 632               |
| Refund of Prior Year Revenue     | 30,160                      | -                                 | -                  | 30,160            |
| Miscellaneous                    | 1,279                       | 918                               | -                  | 2,197             |
| Depreciation                     | 3,907                       | 328                               | 195                | 4,430             |
| <b>TOTAL FUNCTIONAL EXPENSES</b> | <b>\$ 769,903</b>           | <b>\$ 49,195</b>                  | <b>\$ 27,625</b>   | <b>\$ 846,723</b> |

The accompanying notes are an integral part of these financial statements

**JUST HARVEST EDUCATION FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|                                  | <b>PROGRAM<br/>SERVICES</b> | <b>MANAGEMENT<br/>AND GENERAL</b> | <b>FUNDRAISING</b> | <b>TOTAL</b>      |
|----------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Salaries                         | \$ 355,616                  | \$ 29,366                         | \$ 17,298          | \$ 402,280        |
| Payroll Taxes                    | 35,307                      | 2,916.00                          | 1,717              | 39,940            |
| Health Insurance                 | 56,369                      | 4,655.00                          | 2,742              | 63,766            |
| Consulting                       | 882                         | -                                 | -                  | 882               |
| Rent                             | 20,916                      | 1,727                             | 1,017              | 23,660            |
| Interns/Volunteers Stipends      | 13,105                      | 146                               | 1,391              | 14,642            |
| Printing                         | 9,041                       | 747                               | 440                | 10,228            |
| Telecommunications               | 7,438                       | 614                               | 362                | 8,414             |
| Office Supplies                  | 6,997                       | 578                               | 340                | 7,915             |
| Travel Staff and Leadership      | 7,748                       | 421                               | 253                | 8,422             |
| Charge Card Fees                 | 3,466                       | -                                 | 107                | 3,573             |
| Sub-contracted Services          | 3,600                       | -                                 | -                  | 3,600             |
| Postage                          | 2,801                       | 231                               | 136                | 3,168             |
| Farmer's Market Vendor Payments  | 166,817                     | -                                 | -                  | 166,817           |
| Program Expenses                 | 8,294                       | -                                 | -                  | 8,294             |
| Photocopying                     | 2,138                       | 177                               | 104                | 2,419             |
| Equipment                        | 727                         | 60                                | 35                 | 822               |
| Insurance                        | 1,073                       | 89                                | 52                 | 1,214             |
| Janitorial                       | 1,414                       | 117                               | 69                 | 1,600             |
| Workshops Training/Conference    | 1,837                       | 152                               | 89                 | 2,078             |
| Subscriptions/Memberships        | 125                         | -                                 | -                  | 125               |
| Advertising                      | -                           | 214                               | -                  | 214               |
| Miscellaneous                    | 273                         | 553                               | -                  | 826               |
| Depreciation                     | 3,299                       | 273                               | 160                | 3,732             |
| <b>TOTAL FUNCTIONAL EXPENSES</b> | <b>\$ 709,283</b>           | <b>\$ 43,036</b>                  | <b>\$ 26,312</b>   | <b>\$ 778,631</b> |

The accompanying notes are an integral part of these financial statements

**JUST HARVEST EDUCATION FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                                                                                        | <u>2016</u>              | <u>2015</u>               |
|----------------------------------------------------------------------------------------|--------------------------|---------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                     |                          |                           |
| Change in Net Assets                                                                   | \$ (241,262)             | \$ (68,650)               |
| <b>Adjustments to Reconcile Net Assets to Net Cash provided by Operating Expenses:</b> |                          |                           |
| Depreciation                                                                           | 4,433                    | 3,732                     |
| <b>Changes in Current Assets &amp; Liabilities:</b>                                    |                          |                           |
| (Increase) Decrease in Grants Receivable                                               | 287,920                  | 46,519                    |
| (Decrease) Increase in Accounts Payable                                                | (2,618)                  | (727)                     |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>                            | <b><u>\$ 48,473</u></b>  | <b><u>\$ (19,126)</u></b> |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>                 |                          |                           |
| Purchase of Fixed Assets                                                               | \$ (2,803)               | \$ (5,314)                |
| <b>NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>                    | <b><u>\$ (2,803)</u></b> | <b><u>\$ (5,314)</u></b>  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                            | <b>\$ 45,670</b>         | <b>\$ (24,440)</b>        |
| <b>CASH AND CASH EQUIVALENTS - JANUARY 1,</b>                                          | <u>129,787</u>           | <u>154,227</u>            |
| <b>CASH AND CASH EQUIVALENTS - DECEMBER 31,</b>                                        | <b><u>\$ 175,457</u></b> | <b><u>\$ 129,787</u></b>  |

The accompanying notes are an integral part of these financial statements

**JUST HARVEST EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Just Harvest Education Fund (the Education Fund) was incorporated as a domestic nonprofit corporation of the Commonwealth of Pennsylvania on December 22, 1986. The purpose of the Education Fund is to educate local citizens in Allegheny County about the issue of hunger and its relationship with economic justice and to provide educational, research and informational resources to organizations working against hunger

The Financial Accounting Standards Board (FASB) is responsible for establishing generally accepted accounting principles for nonprofit organizations through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the Education Fund are discussed below.

**BASIS OF ACCOUNTING**

The Education Fund utilizes the accrual basis of accounting. Under this method, revenue is recognized when earned rather than when received, and expenses are recognized when the obligation to pay is incurred rather than when the expense is paid.

**FINANCIAL STATEMENT PRESENTATION**

In accordance with generally accepted accounting standards, the Education Fund is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Education Fund and/or the passage of time. The Education Fund's temporarily restricted net assets as of December 31, 2016 and 2015 are detailed in Note 3.
- Permanently Restricted Net Assets – Net assets subject to permanent donor-imposed stipulations. The Education Fund did not have permanently restricted net assets as of December 31, 2016 or December 31, 2015.

**CONTRIBUTIONS**

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction fully expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**JUST HARVEST EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CASH AND CASH EQUIVALENTS**

For the purposes of the statement of cash flows, cash and cash equivalents include amounts in demand deposit accounts and any highly liquid short-term investments with original maturity terms of three months or less.

**RECEIVABLES**

Receivables are stated at net realizable value.

**EQUIPMENT**

All assets of the Education Fund are recorded at historical cost and include betterments which extend the economic life of the asset. Donated assets, if any, are stated at fair value at the time of donation. Maintenance and repair costs are charged to operations as incurred. Depreciation is provided on a straight-line basis (10-40 years) over the asset's estimated useful life. Depreciation expense for calendar year 2016 and 2015 was \$4,433 and \$3,732 respectively.

**NOTE 2 - OFF BALANCE SHEET RISK**

The Federal Deposit Insurance Corporation (FDIC) coverage thresholds for corporate accounts are \$250,000 per corporation. This coverage includes checking and savings accounts, money market deposit accounts, and certificates of deposit. At December 31, 2016, the Education Fund had cash balances on hand with its depositories totaling \$185,005. Custodial credit risk is the risk that in the event of a bank failure, the Education Fund's deposits may not be returned to it. As of December 31, 2016, all of the accounts maintained by the Education Fund were fully insured through the FDIC.

**JUST HARVEST EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS**

The following represents the changes in temporarily restricted net assets for years 2016 and 2015:

|                                          | <b><u>Balance</u></b><br><b><u>1/1/2016</u></b> | <b><u>Revenue</u></b><br><b><u>Received</u></b> | <b><u>Restriction</u></b><br><b><u>Released</u></b> | <b><u>Balance</u></b><br><b><u>12/31/2016</u></b> |
|------------------------------------------|-------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|
| Tax Preparation                          | \$ 49,470                                       | \$ 75,385                                       | \$ 78,291                                           | \$ 46,564                                         |
| Fresh Access/Healthy Corner Stores       | 102,430                                         | 142,625                                         | 157,521                                             | 87,534                                            |
| SNAP Outreach and Enrollment             | -                                               | 20,690                                          | 20,121                                              | 569                                               |
| Food Bucks                               | -                                               | 23,000                                          | 21,486                                              | 1,514                                             |
| Older Adult SNAP Outreach and Enrollment | -                                               | 20,000                                          | 7,413                                               | 12,587                                            |
| North Hills SNAP Outreach and Enrollment | -                                               | 2,000                                           | 1,154                                               | 846                                               |
| Technology Capacity Improvements         | -                                               | 12,209                                          | 2,000                                               | 10,209                                            |
|                                          | <b><u>\$ 151,900</u></b>                        | <b><u>\$ 295,909</u></b>                        | <b><u>\$ 287,986</u></b>                            | <b><u>\$ 159,823</u></b>                          |

|                                      | <b><u>Balance</u></b><br><b><u>1/1/2015</u></b> | <b><u>Revenue</u></b><br><b><u>Received</u></b> | <b><u>Restriction</u></b><br><b><u>Released</u></b> | <b><u>Balance</u></b><br><b><u>12/31/2015</u></b> |
|--------------------------------------|-------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|
| Tax Preparation                      | \$ 58,408                                       | \$ 54,501                                       | \$ 63,439                                           | \$ 49,470                                         |
| Fresh Access/Healthy Corner Stores   | 20,693                                          | 10,085                                          | 30,778                                              | -                                                 |
| Hunger Outreach                      | 119,805                                         | 178,999                                         | 196,374                                             | 102,430                                           |
| Safety Net Streaming and Improvement | 112,019                                         | -                                               | 112,019                                             | -                                                 |
|                                      | <b><u>\$ 310,925</u></b>                        | <b><u>\$ 243,585</u></b>                        | <b><u>\$ 402,610</u></b>                            | <b><u>\$ 151,900</u></b>                          |

**NOTE 4 – TRANSACTIONS WITH AFFILIATE**

The Education Fund has an affiliate – ‘Just Harvest: A Center for Action Against Hunger’ (the Center), a 501C(4) nonprofit organization with whom they share a common Board of Directors. The Education Fund reimburses the Center for general ongoing operating expenses such as salaries, rent and other expenses. Management anticipates that these reimbursements will continue into the future sufficient to cover all normal operating expenses.

**NOTE 5 – OPERATING LEASE**

Just Harvest – A Center for Action Against Hunger entered into a lease agreement with McKnight River Walk, L.P. for office space which includes the Just Harvest Education Fund. The current terms of the lease agreement through December 31, 2016 call for total monthly rental payments of \$2,660. The Education Fund portion of this monthly payment totals \$2,160. Annual lease expense for the Education Fund for calendar years 2016 and 2015 was \$25,920 and \$23,360 respectively.

**JUST HARVEST EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 6 – RISK MANAGEMENT**

The Education Fund is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased by the Center from independent third parties.

**NOTE 7 – TAX-EXEMPT STATUS**

The Education Fund is recognized as exempt from paying federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). The Education Fund has been classified as an Organization that is not a private foundation under (IRC) Section 509(a). The Education Fund's Form 990 'Return of Organization Exempt from Income Tax' for the years ended December 31, 2014, 2015, and 2016 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

**NOTE 8 – PENDING FASB ACCOUNTING STANDARD**

In August of 2016, the Financial Accounting Standards Board (FASB) issued new rules for nonprofits: "Accounting Standards Update 2016-14 Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities". The purpose of the new standard is to 1) simplify and clarify the treatment of net assets in the financial statements, 2) disclose any limitations on available liquid assets, 3) ensure consistency in the reporting of investment expenses and returns, and 4) increase the usefulness and understanding of the statement of cash flows. This standard will be effective for the Education Fund's December 31, 2018 financial statements.

**NOTE 9 – CHANGE IN ACCOUNTING POLICY**

For the year ended December 31, 2016, the Education Fund changed the manner in which grant awards are recognized as receivables in the financial statements. For the calendar year 2016, grants receivable, and corresponding revenues, are only recognized to extent of grant related expenses. Prior to calendar year 2016, grant receivables and corresponding revenues were fully recognized at the time of the grant award prior to actual receipt and expenditure of grant funds. Calendar year 2015 financial statements were not re-stated to reflect this change in accounting policy. Certain prior year grant funds receivable totaling \$30,160 which were not received by the Education Fund have been expensed as 'refund of prior year revenue' in the statement of functional expenses (Exhibit D).

**NOTE 10 – SUBSEQUENT EVENTS**

Management has determined that there are no events subsequent to December 31, 2016 through the date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.