

Coalition for Food and Health Equity, Inc.

Financial Statements

December 31, 2021

(With Independent Auditor's Report Thereon)



*Navigating the Road
to
Financial Security*

Coalition for Food and Health Equity, Inc.

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DeSantis
Kiefer
Shall &
Sarcone
LLP

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Independent Auditor's Report

Board of Directors
Coalition for Food and Health Equity, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Coalition for Food and Health Equity, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Coalition for Food and Health Equity, Inc. as of December 31, 2021, 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 (GAAS). 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 Coalition for Food and Health Equity, Inc. 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 Coalition for Food and Health Equity, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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Coalition for Food and Health Equity, Inc.

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 GAAS 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 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 GAAS, 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 Coalition for Food and Health Equity, Inc.'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 Coalition for Food and Health Equity, Inc.'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.

De Santis, Kiefer, Shall & Sarcone, LLP

Staten Island, New York

August 4, 2023, except for Note 10 which is dated August 18, 2023

Coalition for Food and Health Equity, Inc.

Statement of Financial Position December 31, 2021

Assets

Cash and Cash Equivalents	\$ 26,901	
Grants Receivable	224,891	
	<hr/>	
Total Assets		<u>\$ 251,792</u>

Liabilities and Net Assets

Accounts Payable and Accrued Expenses	\$ 201,737	
	<hr/>	
Total Current Liabilities		201,737
Net Assets:		
Without Donor Restrictions	50,055	
	<hr/>	
Total Net Assets		<u>50,055</u>
Total Liabilities and Net Assets		<u>\$ 251,792</u>

Coalition for Food and Health Equity, Inc.

Statement of Activities for the Year Ended December 31, 2021

Revenue and Support:		
Government Grant Revenue	\$ 1,197,192	
Other Contributions	<u>55,721</u>	
Total Revenue and Support		\$ 1,252,913
Expenses:		
Program Services	1,157,987	
Management and General	<u>44,871</u>	
Total Expenses		<u>1,202,858</u>
Increase in Net Assets		50,055
Net Assets, Beginning of Year		<u>0</u>
Net Assets, End of Year		<u>\$ 50,055</u>

Coalition for Food and Health Equity, Inc.

Statement of Cash Flows for the Year Ended December 31, 2021

Cash Flows from Operating Activities:

Increase in Net Assets		<u>\$ 50,055</u>
Decrease in Operating Assets:		
Grants Receivable	(224,891)	
Increase in Operating Liabilities		
Accounts Payable and Accrued Expenses	<u>201,737</u>	
Total Adjustments		<u>(23,154)</u>
Net Cash Provided by Operating Activities		<u>26,901</u>
Net Increase in Cash and Cash Equivalents		26,901
Cash and Cash Equivalents - Beginning of Year		<u>0</u>
Cash and Cash Equivalents - End of Year		<u><u>\$ 26,901</u></u>

Coalition for Food and Health Equity, Inc.

Statement of Functional Expenses for the Year Ended December 31, 2021

	Program Services	Management and General	Total
Salaries	\$ 56,884	\$ 14,221	\$ 71,105
Payroll Taxes and Benefits	5,965	1,491	7,456
Total Salaries, Payroll Taxes and Benefits	62,849	15,712	78,561
Program Expenses - Meals	1,071,143		1,071,143
Telephone	506	127	633
Computer Software	998	250	1,248
Insurance	543	136	679
Office Expense	3,824	956	4,780
Travel	376		376
Bank Fees		5,456	5,456
Marketing and Promotion	398		398
Postage and Shipping	661	165	826
Dues and Subscriptions	4,361	1,090	5,451
Professional Fees		17,897	17,897
Payroll Service Fees	1,366	342	1,708
Miscellaneous Expense	10,962	2,740	13,702
Total Expenses	\$ 1,157,987	\$ 44,871	\$ 1,202,858

Coalition for Food and Health Equity, Inc.

Notes to Financial Statements

December 31, 2021

1. Nature of Activities

The Coalition for Food and Health Equity, Inc. (hereinafter referred to as “CFHE”) is a not-for-profit corporation in the state of New Jersey that places hunger within the larger context of racial health equity, working to end hunger, improve health, and advance economic equity within historically marginalized communities. Its vision is building resilient communities of health through integrated health and nutrition services rooted in a politic of racial liberation and economic justice.

Funding for CFHE’s programs comes mostly from state and county grants, as well as individual contributions.

2. Summary of Significant Accounting Policies

Method of Accounting

The financial statements of CFHE have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

CFHE is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions- Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Coalition for Food and Health Equity, Inc.

Notes to Financial Statements

December 31, 2021

Net Assets with Donor Restrictions- Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For financial statement purposes, CFHE considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

Grants Receivable

Grants receivable have been adjusted for all known uncollectible accounts and are stated at the amount management expects to collect from outstanding balances. Based on management's evaluation of collectability, an allowance for doubtful accounts has not been provided as the amount is not considered material.

Accounting for Contributions and Grants

Contributions and grants, including unconditional promises to give, are recognized when received. All contributions and grants are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Coalition for Food and Health Equity, Inc.

Notes to Financial Statements

December 31, 2021

Revenue and Revenue Recognition

Revenue is recognized when earned. Revenue earned under cost-reimbursable contracts is recognized when expenditures are incurred. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Income Tax Status

CFHE is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws. CFHE represents that, to the best of its knowledge and belief, the tax-exempt status is still in effect as of June 30, 2021.

CFHE is subject to the provisions of the FASB ASC Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of CFHE's general tax-exempt status, ASC Topic 740 has not had, and is not expected to have, a material impact on its financial statements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

CFHE reports a fair value measurement for all applicable assets and liabilities.

Coalition for Food and Health Equity, Inc.

Notes to Financial Statements

December 31, 2021

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of December 31, 2021 are:

Financial Assets

Cash and Cash Equivalents	\$ 26,901
Grants Receivable	<u>224,891</u>
Total financial assets available for general expenditure within one year	<u>\$251,792</u>

CFHE plans and budgets for its grant funding and other contributions which it anticipates it will receive within the next year.

4. Government Grant Revenue and Grants Receivable

During 2021, CFHE received government funding from both the New Jersey Economic Development Authority and Hudson County Health and Human Services. These were cost-reimbursement contracts, and CFHE recognized revenue when expenditures were incurred. Government grant revenue and grants receivable as of and for the year ended December 31, 2021 is as follows:

	New Jersey Economic Development <u>Authority</u>	Hudson County Health and Human <u>Services</u>	<u>Total</u>
Government Grant Revenue	\$922,983	\$274,209	\$1,197,192
Grants Receivable	\$190,487	\$34,404	\$224,891

The funding received from the state and county included federal funding from the Coronavirus Aid, Relief and Economic Security (CARES) Act and the American Rescue Plan (ARP).

Approximately 96% of CFHE's funding during the year ended December 31, 2021 came from these grants.

Coalition for Food and Health Equity, Inc.

Notes to Financial Statements

December 31, 2021

5. Concentration of Credit Risk

CFHE maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. CFHE has not experienced any losses in such accounts. CFHE believes it is not exposed to any significant credit risk on cash and cash equivalents.

6. Related Party Transactions

CFHE used a company owned by one of its board members as a vendor for their meal program. CFHE paid the company \$89,080 during the year ended December 31, 2021.

7. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are based upon allowable budgeted amounts with grantor agencies, as well as estimates of time and effort spent on program activities and management and general activities.

8. Subsequent Events

CFHE has evaluated subsequent events through August 4, 2023, the date which the financial statements were available to be issued.

9. Risk and Uncertainties

The ongoing Coronavirus pandemic has resulted in substantial volatility in the global economy. While management has implemented measures to mitigate the impact of the pandemic, the extent to which CFHE's operations are impacted will depend of future developments.

As a result, the full extent of any adverse impact on the results of operations, financial position, and cash flows in future years cannot be reasonably estimated at this time.

Coalition for Food and Health Equity, Inc.

Notes to Financial Statements
December 31, 2021

10. Reissuance of the Financial Statements

Subsequent to the date the financial statements were issued on August 4, 2023, it was determined that an additional adjustment was required to record the accounts payable and related expenses due for meals served during December 2021, for which reimbursement was not received until January 2022. This adjustment increased both accounts payable and program expenses by \$188,237. These changes are reflected in the statement of financial position and the statement of functional expenses as of and for the year ended December 31, 2021. Audit procedures applied subsequent to the financial statement date were limited solely to the revised financial information on these statements.