

CONFERENCE FOR FOOD PROTECTION, INC.

Financial Statements

Year Ended December 31, 2020

With

Independent Auditor's Report



CONFERENCE FOR FOOD PROTECTION, INC.

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Independent Auditor's Report

Board of Directors
Conference for Food Protection, Inc.
Tulsa, Oklahoma

Opinion

We have audited the accompanying financial statements of Conference for Food Protection, Inc. (the Organization) which comprise the statement of financial position at December 31, 2020, and the related statements of activities, cash flows, and functional expenses 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 Conference for Food Protection, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the years 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 Conference for Food Protection, 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 Conference for Food Protection, Inc.'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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Conference for Food Protection, 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 Conference for Food Protection, 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.

MORSE & CO., PLLC

Tulsa, Oklahoma
October 11, 2022

CONFERENCE FOR FOOD PROTECTION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Assets	
Cash and cash equivalents	\$ 538,460
Grant receivable	<u>50,000</u>
Total assets	<u>\$ 588,460</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 11,866
Deferred revenue	<u>422,330</u>
Total liabilities	<u>434,196</u>
Net assets	
Without donor restrictions	<u>154,264</u>
Total net assets	<u>154,264</u>
Total liabilities and net assets	<u>\$ 588,460</u>

See independent auditor's report and accompanying notes to financial statements.

CONFERENCE FOR FOOD PROTECTION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue			
Crumbine award	\$ 3,545	\$ -	\$ 3,545
Interest income	323	-	323
Other revenue	<u>64</u>	<u>-</u>	<u>64</u>
Total public support and revenue	<u>3,932</u>	<u>-</u>	<u>3,932</u>
Expenses			
Program services	87,259	-	87,259
Management and general	<u>8,694</u>	<u>-</u>	<u>8,694</u>
Total expenses	<u>95,953</u>	<u>-</u>	<u>95,953</u>
Increase (decrease) in net assets	(92,021)	-	(92,021)
Net assets, beginning of year	<u>246,285</u>	<u>-</u>	<u>246,285</u>
Net assets, end of year	<u>\$ 154,264</u>	<u>\$ -</u>	<u>\$ 154,264</u>

See independent auditor's report and accompanying notes to financial statements.

CONFERENCE FOR FOOD PROTECTION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

Cash flow from operating activities	
Change in net assets	\$ (92,021)
Changes in assets and liabilities:	
Grant receivable	(50,000)
Accounts payable	8,106
Deferred revenue	<u>381,140</u>
Net cash provided by (used for) operating activities	<u>247,225</u>
Change in cash and cash equivalents	247,225
Cash and cash equivalents, beginning of year	<u>291,235</u>
Cash and cash equivalents, end of year	<u>\$ 538,460</u>

See independent auditor's report and accompanying notes to financial statements.

CONFERENCE FOR FOOD PROTECTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Personnel	\$ 55,470	\$ 6,163	\$ 61,633
Travel and meetings	9,935	-	9,935
Merchant fees	8,458	-	8,458
Contract services	7,295	811	8,106
Office	4,242	470	4,712
Eventbrite	1,859	-	1,859
Accounting fees	-	1,250	1,250
Total functional expenses	<u>\$ 87,259</u>	<u>\$ 8,694</u>	<u>\$ 95,953</u>

See independent auditor's report and accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Conference for Food Protection (the Organization) is a non-profit organization which originated in 1971. It was created to provide a formal process whereby members of industry, regulatory, academia, consumer, and professional organizations are afforded equal input in the development and/or modification of food safety guidance. Such guidance is incorporated into food safety laws and regulations at all levels of government throughout the United States. The Organization fulfills its intended mission through a biennial conference for the purpose of implementing policies and recommendations to strengthen and enhance the overall safety of food for everyone.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions which can be fulfilled, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the period such restrictions are satisfied and reported in the statement of activities as net assets released from restrictions. Payments that are received in advance for future program services are not recognized as net assets with donor restrictions due to their deferred nature. The recognition of revenue will occur simultaneously with the release of the restricted purpose.

Fair Value Measurements

The Organization records certain financial assets and liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Inputs into valuation techniques are categorized into three levels, with the highest priority given to Level 1 and the lowest priority given to Level 3, as described below.

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Generally unobservable inputs, which are developed based on the best information available and may include the Organization's own internal data.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Financial Accounting Standards Board (FASB) issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which clarifies when a transaction should be accounted for as a contribution or exchange transaction. The Organization adopted ASU 2018-08 under the modified prospective approach. The adoption of ASU 2018-08 did not materially impact the financial statements.

The Organization recognizes contributions after analyzing each agreement and performing the following procedures:

- 1) Determine whether the transaction is an exchange or contribution
- 2) Identify any donor-imposed conditions or restrictions regarding its use
- 3) Distinguish between barriers and donor-imposed restrictions
- 4) Conclude that all conditions are resolved prior to recognizing the contribution as revenue

Contributions are recorded when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. All contributions are considered without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

The Organization is in compliance with Topic 606 using the modified retrospective transition method. The previous adoption of Topic 606 did not have a material impact on the Organization's financial statements. The Organization considers services rendered for the biennial conference to be contracts with customers.

Revenue is recognized from services at the time the services are performed. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for services performed. The Organization estimates different forms of variable consideration at the time of sale based on historical experience, current conditions and contractual obligations. Revenue is recorded net of any refunds, if applicable. This adjustment is made in the same period as the underlying transactions.

Factors that could impact the nature, amount, timing, and uncertainty of revenue and cash flows are as follows: (1) overall economic conditions; (2) demand for the Organization's services; (3) the timing of contributions and grants outside of the Organization's control.

The Organization recognizes revenue upon the transfer of promised benefit to its customers in an amount that reflects the consideration to which the Organization expects to be entitled by applying the following five-step process specified in ASC 606:

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations
- 3) Determine the transaction price
- 4) Allocate the transaction price
- 5) Recognize revenue when the performance obligations are met

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting 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 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. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to allowance for doubtful accounts, and accrued expenses.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents to be all cash on hand and cash in bank accounts with original maturities of three months or less. Cash and cash equivalents include donor restricted deposits that are readily available and will be consumed during the next operating cycle.

Grant Receivable

Grant receivables are short-term, noninterest bearing, and uncollateralized; and are reflected in the statement of financial position. Management's assessment of the allowance for doubtful accounts is based on the overall creditworthiness of the individual accounts, existing economic conditions, and the amount and age of past due accounts. Past due accounts are generally written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. The Organization considers accounts receivable at December 31, 2020, to be fully collectible. Accordingly, no allowance for doubtful accounts is recorded.

Deferred Revenue

Deferred revenue represents collections in advance for the biennial conference. Revenues are recognized in the year in which the biennial conference is held.

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 statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include personnel cost, travel and meetings, merchant fees, contract services, office expenses, accounting fees, and other expenses which are allocated on the basis of estimates of time and effort. The percentage allocation is based on interviews with administrative personnel regarding time spent on various functions on certain test dates and is reviewed biennially by management.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the code.

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CONFERENCE FOR FOOD PROTECTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization's evaluation as of December 31, 2020, revealed no uncertain tax positions that would have a material impact on the financial statements. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. The Organization is no longer subject to tax examinations by taxing authorities for years before 2018.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Change in Accounting Principle

The FASB issued ASU No. 2018-08 "Not-for-Profit Entities (Topic 958)". The ASU provides an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization has adopted the provision as of January 1, 2020, with no effect to previously reported net asset balances.

Subsequent Events

The biennial conference took place August 16, 2021, all deferred revenue as of December 31, 2020 was recognized.

The Organization has evaluated subsequent events through October 11, 2022, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 538,460
Accounts receivable	<u>50,000</u>
Total	<u>\$ 588,460</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization depends on donations and sponsorships from corporations, individuals, and foundations, as well as grants from certain government entities, to fund its normal day-to-day operations. Donation levels vary in throughout the year.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities, to be general expenditures.

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CONFERENCE FOR FOOD PROTECTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 2 - LIQUIDITY AND AVAILABILITY (CONTINUED)

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates within a balanced budget and anticipates collecting sufficient revenues and grants to cover general expenditures.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Organization may be subject to credit risk to cash and cash equivalents, which are replaced with high credit quality financial institutions. From time to time, the Organization may have amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2020 cash balances exceeded insured limits by \$288,460. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents, and has not experienced any losses.

NOTE 4 – CONTRACT BALANCES

There are no accounts receivables balances for the years ended December 31, 2020, and 2019, in accordance with ASC 606. All grants receivable recorded as December 31, 2020 does not meet the qualifications for ASC 606, contracts with customers. They were recorded in compliance with ASU 2018-08, contributions received and contributions.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization had no net assets with donor restrictions as of December 31, 2020. There were no net assets released from donor restriction by incurring expenses satisfying the restrictions as December 31, 2020.

NOTE 6 - NEW ACCOUNTING PRONOUNCEMENTS

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which improves generally accepted accounting principles by increasing the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 is effective for annual periods beginning after June 15, 2021, with early adoption permitted.