

**FARMERS' MARKET FEDERATION  
OF NEW YORK, INC.**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2020 and 2019**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Farmers' Market Federation of New York, Inc.

We have reviewed the accompanying financial statements of Farmers' Market Federation of New York, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Auditors' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Daley, Lacombe & Charette PC*

Manlius, New York  
October 12, 2020

**FARMERS' MARKET FEDERATION OF NEW YORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 and 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 529,866	\$ 442,317
Cash - Exchange FMNP	1,402,000	0
Investments	388,009	389,018
Grants Receivable	252,774	228,055
Prepaid Expenses	<u>900</u>	<u>815</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,573,549</u></b>	<b><u>\$ 1,060,205</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accrued Expenses	\$ 14,826	\$ 8,927
Funds Held for FMNP Grant	1,402,000	0
Deferred Revenue	<u>97,356</u>	<u>64,756</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>1,514,182</u></b>	<b><u>73,683</u></b>
Net Assets:		
Net Assets Without Restrictions	<u>1,059,367</u>	<u>986,522</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 2,573,549</u></b>	<b><u>\$ 1,060,205</u></b>

See Notes to the Financial Statements.

**FARMERS' MARKET FEDERATION OF NEW YORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2020 and 2019**

	<u>Unrestricted</u> 2020	<u>Unrestricted</u> 2019
<b>SUPPORT AND REVENUE:</b>		
Support:		
Contributions and Conference Sponsor	\$ 1,226	\$ 700
Membership	503	7,093
Total support	<u>1,729</u>	<u>7,793</u>
Revenue:		
Government grants	252,834	275,943
Coupon Service Fees	118,998	141,762
Program Fees	13,737	9,542
Interest	5,599	4,275
Gain (loss) on investments	(1,750)	7,339
Total revenue	<u>389,418</u>	<u>438,861</u>
 Total support and revenue	 <u>391,147</u>	 <u>446,654</u>
 <b>EXPENSES:</b>		
Program Expenses:		
Wireless technology	142,774	171,948
Training	115,061	113,758
Total program services	<u>257,835</u>	<u>285,706</u>
Supporting services:		
Management and general	58,771	57,193
Fundraising	1,696	1,577
Total supporting services	<u>60,467</u>	<u>58,770</u>
Total expenses	<u>318,302</u>	<u>344,476</u>
 Change in Net Assets	 72,845	 102,178
 Net Assets - July 1	 <u>986,522</u>	 <u>884,344</u>
 Net Assets - June 30	 <u>\$ 1,059,367</u>	 <u>\$ 986,522</u>

See Notes to the Financial Statements.

**FARMERS' MARKET FEDERATION OF NEW YORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 and 2019**

	2020	2019
Cash Flows From Operating Activities:		
Cash Received from:		
Contributions and grants	\$ 1,226	\$ 700
Memberships	503	7,093
Government grants	301,314	206,444
Coupon Service Fees	78,400	117,421
Program Fees	13,737	9,542
Interest	5,599	4,275
	400,779	345,475
Cash disbursed to:		
Program services	(252,021)	(288,590)
Support Services	(60,467)	(58,770)
	(312,488)	(347,360)
Net cash provided by (used) in operating activities	88,291	(1,885)
Cash Flows From Investing Activities:		
(Increase) decrease in investments	(742)	-
Net increase (decrease) in cash and cash equivalents	87,549	(1,885)
Cash and cash equivalents - July 1	442,317	444,202
Cash and cash equivalents - June 30	\$ 529,866	\$ 442,317

See Notes to the Financial Statements.

**FARMERS' MARKET FEDERATION OF NEW YORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Totals 2020</u>
	<u>Wireless Technology</u>	<u>Training</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries	\$ 40,237	51,910	34,838	1,568	\$ 128,553
Payroll taxes	3,300	4,257	2,857	128	10,542
Total salaries and taxes	<u>43,537</u>	<u>56,167</u>	<u>37,695</u>	<u>1,696</u>	<u>139,095</u>
Transaction fees reimbursements	60,597	-	-	-	60,597
Professional fees	10,580	43,115	7,305	-	61,000
Supplies and minor equipment	21,845	738	1,441	-	24,024
Telephone/Internet	1,068	1,324	1,637	-	4,029
Postage/Shipping	389	-	1,079	-	1,468
Occupancy	4,536	2,268	4,536	-	11,340
Travel and transportation	222	771	785	-	1,778
Conferences and meetings	-	10,678	-	-	10,678
Insurance	-	-	1,187	-	1,187
Miscellaneous	-	-	3,106	-	3,106
Total functional expenses	<u>\$ 142,774</u>	<u>\$ 115,061</u>	<u>\$ 58,771</u>	<u>\$ 1,696</u>	<u>\$ 318,302</u>

See Notes to the Financial Statements.

**FARMERS' MARKET FEDERATION OF NEW YORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Totals 2019</u>
	<u>Wireless Technology</u>	<u>Training</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries	\$ 37,282	\$ 48,098	\$ 32,300	\$ 1,453	\$ 119,133
Payroll taxes	3,188	4,112	2,760	124	10,184
Total salaries and taxes	<u>40,470</u>	<u>52,210</u>	<u>35,060</u>	<u>1,577</u>	<u>129,317</u>
Transaction fees reimbursements	53,234	-	-	-	53,234
Professional fees	50,259	51,973	6,323	-	108,555
Supplies and minor equipment	22,338	175	3,324	-	25,837
Telephone/Internet	1,068	-	2,450	-	3,518
Postage/Shipping	420	-	1,097	-	1,517
Occupancy	3,912	1,956	3,912	-	9,780
Travel and transportation	177	905	334	-	1,416
Conferences and meetings	-	6,539	609	-	7,148
Insurance	-	-	1,187	-	1,187
Miscellaneous	<u>70</u>	<u>-</u>	<u>2,897</u>	<u>-</u>	<u>2,967</u>
Total functional expenses	<u>\$ 171,948</u>	<u>\$ 113,758</u>	<u>\$ 57,193</u>	<u>\$ 1,577</u>	<u>\$ 344,476</u>

See Notes to the Financial Statements.



**FARMERS' MARKET FEDERATION OF NEW YORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

Nature of Organization

Farmers' Market Federation of New York, Inc., a not-for-profit corporation, supports and promotes the viability of farmers markets through innovative services, programs and partnerships that maximize the benefits of markets to sellers, buyers, and communities. Farmers markets are located throughout New York State.

Income Tax Status

Farmers' Market Federation of New York, Inc. is a New York State not-for-profit corporation, exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code. They qualify for the charitable deduction under Section 170(b)(1)(A) and have been classified by the Internal Revenue Service as an organization that is not a private foundation as defined in Section 509(a)(2) of the Internal Revenue Code.

As of June 30, 2020, the Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 2017, 2018 and 2019 are still open to examination by major tax jurisdictions.

Uncertain Tax Positions

For tax exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax exempt status. As of June 30, 2020 and June 30, 2019, the organization does not have a liability for unrecognized tax benefits and management believes there are not unrecognized tax positions for either recognition or disclosure in the financial statements.

Use of 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.

Concentration of Credit Risk

In the normal course of business, the Organization is party to financial instruments with off-balance sheet risk. These financial instruments include cash accounts in commercial banks located principally in or near Onondaga County. The organization maintains its cash balances in one financial institution located in Syracuse, NY. The balances are secured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. At June 30, 2020 and 2019, the Organization's uninsured cash balances totaled \$1,681,866 and \$192,317, respectively.

Accounts Receivable

The Organization uses the direct write-off method of accounting for bad debts. The Board of Directors believes that any allowances would be immaterial.

**FARMERS' MARKET FEDERATION OF NEW YORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration

The Organization is dependent on the funding from various governmental agencies. Approximately 65 percent of the Organization's combined revenues were provided by government funding for the fiscal year ended June 30, 2020. The rates by which the Organization is reimbursed are subject to change from year to year, sometimes with changes being made retroactively. It is possible that in the near future this funding could cease, which would cause a severe impact on the organization and its ability to continue its operations.

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 restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the 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.

Basis of Accounting

The financial statements of Farmers' Market Federal of New York, Inc. have been prepared on the accrual basis of accounting with conformity with accounting principles generally accepted in the United States of America. Accordingly, support and revenue are recognized when earned and expenses are recognized when incurred.

Contributions

All contributions are considered to be available without restrictions unless specifically restricted by the donor. Donations in-kind are reflected as contributions in the accompanying statements at their estimated values at the date of receipt.

Deferred Revenue

Some government grants provide an advance payment, which is recouped at the end of the grant period. Any unused funds at the end of the year are shown as deferred revenue.

**FARMERS' MARKET FEDERATION OF NEW YORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function. Salaries, payroll expenses and occupancy related costs are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**NOTE B – INVESTMENTS**

In May 2016, the Organization established the Farmers' Market Federation of NY endowment fund with the Central New York Community Foundation. The fund was established for the sole use of supporting the Farmers' Market Federation of NY. The Organization can take an annual distribution based on a rate of 5 percent of a 20-quarter rolling average. The distribution is voluntary. The Board will decide annually on whether to take the annual distribution of whether to roll it over into the principal.

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (loss)</u>
As of June 30, 2020	<u>\$ 310,000</u>	<u>\$ 388,009</u>	<u>\$ 78,009</u>

**NOTE C - OPERATING LEASE**

On August 1, 2019, the Organization entered into a three year operating lease for office space located at 109 Twin Oaks Dr, Syracuse, NY for \$900 per month until September 1, 2022.

Previously the Organization was leasing office space on Highbridge St in Fayetteville, NY on a month to month basis for \$815 per month.

As of June 30, 2020, future minimum lease payments under the remaining noncancelable lease term in excess of one year are as follows:

Fiscal Year Ended June 30, 2021	\$10,800
Fiscal Year Ended June 30, 2022	\$10,800
Fiscal Year Ended June 30, 2023	\$ 1,800

Total lease expense for the years ended June 30, 2020 and 2019 was \$11,340 and \$9,780, respectively.

**FARMERS' MARKET FEDERATION OF NEW YORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE D – FIXED ASSETS**

Furniture and equipment are capitalized at cost if their value is \$500 or more. Depreciation is provided on a straight-line basis over the estimated lives of the assets. The costs of such assets are as follows:

	2020	2019
Furniture and equipment	\$ 5,693	\$ 5,693
Less accumulated depreciation	(5,693)	(5,693)
Total	\$ -	\$ -

**NOTE E – NET ASSETS**

Net assets without restrictions consist of the following at June 30, 2020 and 2019:

	2020	2019
Undesignated, available for general use	\$ 671,358	\$ 597,504
Board Designated for investments, future programs, and agency needs	388,009	389,018
Total	\$1,059,367	\$ 986,522

**NOTE F – GRANT RECEIVABLE**

The grant receivable represents the balance due from the New York State Department of Agriculture and Markets of \$252,774 and \$228,055 for the years ended June 30, 2020 and 2019, respectively.

**NOTE G – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through October 12, 2020, which is the date that the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chain and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

**FARMERS' MARKET FEDERATION OF NEW YORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE H – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT**

For the year ended June 30, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14-Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

**NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

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

	June 30, 2020	June 30, 2019
Cash and cash equivalents	\$ 529,866	\$ 442,317
Grant Receivable	252,774	228,055
Investments	<u>388,009</u>	<u>389,018</u>
	\$1,170,649	1,059,390

The Organization has \$1,170,649 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year. The Organization's goal is to maintain a cash balance on hand to meet 60 days of normal operating expenses which are, on average, approximately \$320,000 on an annual basis.