

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

FINANCIAL STATEMENTS

Years Ended June 30, 2018 and 2017

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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, 2018, and the related statements of activities, functional expenses and cash flows 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 entity 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.

Report on June 30, 2017 Financial Statements

The 2017 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated October 20, 2017. We have not performed any auditing procedures since that date.

Daley, LaCombe & Charette, PC

Manlius, New York

September 25, 2018

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 and 2017

ASSETS

	2018	2017
Current Assets:		
Cash	\$ 444,202	\$ 467,497
Investments	380,505	350,901
Grants Receivable	158,556	92,428
Account Receivable	35,017	13,516
Prepaid Expenses	815	815
TOTAL ASSETS	\$ 1,019,095	\$ 925,157

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accrued Expenses	\$ 10,637	\$ 9,816
Deferred Revenue	124,114	129,142
TOTAL CURRENT LIABILITIES	134,751	138,958
Net Assets:		
Unrestricted	884,344	786,199
TOTAL LIABILITIES & NET ASSETS	\$ 1,019,095	\$ 925,157

See Accompanying Independent Accountant's Review Report and Notes to the Financial Statements.

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 and 2017

	<u>Unrestricted</u> <u>2018</u>	<u>Unrestricted</u> <u>2017</u>
SUPPORT AND REVENUE:		
Support:		
Contributions and grants	\$ 5	\$ 12,950
Membership	14,735	13,225
Total support	<u>14,740</u>	<u>26,175</u>
Revenue:		
Government grants	248,937	178,263
Coupon Service Fees	102,027	78,602
Program Fees	3,605	20,160
Interest	3,976	3,566
Gain (loss) on investments	28,714	43,035
Miscellaneous	250	-
Total revenue	<u>387,509</u>	<u>323,626</u>
 Total support and revenue	 <u>402,249</u>	 <u>349,801</u>
 EXPENSES:		
Program Expenses:		
Wireless technology	173,475	116,709
Training	66,200	79,516
Total program services	<u>239,675</u>	<u>196,225</u>
Supporting services:		
Management and general	63,022	58,652
Fundraising	1,407	1,533
Total supporting services	<u>64,429</u>	<u>60,185</u>
Total expenses	<u>304,104</u>	<u>256,410</u>
 Excess of support and revenue over expenses	 98,145	 93,391
 Net Assets - July 1	 <u>786,199</u>	 <u>692,808</u>
 Net Assets - June 30	 <u>\$ 884,344</u>	 <u>\$ 786,199</u>

See Accompanying Independent Accountant's Review Report and Notes to the Financial Statements.

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities:		
Cash Received from:		
Contributions and grants	\$ 5	\$ 12,950
Memberships	14,735	13,225
Government grants	182,809	260,959
Coupon Service Fees	75,498	121,661
Program Fees	3,605	20,160
Interest	3,976	3,566
Miscellaneous	250	-
	280,878	432,521
Cash disbursed to:		
Program services	(239,744)	(223,670)
Support Services	(64,429)	(60,185)
	(304,173)	(283,855)
Net cash provided by (used) in operating activities	(23,295)	148,666
Cash Flows From Investing Activities:		
(Increase) decrease in investments	-	(10,000)
Net increase (decrease) in cash and cash equivalents	(23,295)	138,666
Cash and cash equivalents - July 1	467,497	328,831
Cash and cash equivalents - June 30	\$ 444,202	\$ 467,497

See Accompanying Independent Accountant's Review Report and Notes to the Financial Statements.

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENT OF CASH FLOWS, SUPPORTING SCHEDULE
YEARS ENDED JUNE 30, 2018 and 2017

	2018	2017
Reconciliation of excess of support and revenue over expenses:		
Change in net assets:	\$ 98,145	\$ 93,391
Adjustments:		
Unrealized (gain) loss on investments	(29,604)	(43,549)
(Increase) Decrease in grants receivables	(66,128)	82,696
(Increase)/Decrease in account receivable	(21,501)	(10,492)
(Increase)/Decrease in prepaid expenses	0	3,735
Increase (Decrease) in accrued expenses	821	(30,666)
Increase (Decrease) in deferred revenue	(5,028)	53,551
Total Adjustments	(121,440)	55,275
Net cash provided by (used) in operating activities	\$ (23,295)	\$ 148,666

See Accompanying Independent Accountant's Review Report and Notes to the Financial Statements.

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Totals 2018</u>
	<u>Wireless Technology</u>	<u>Training</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries	\$ 33,146	\$ 42,762	\$ 28,698	\$ 1,292	\$ 105,898
Payroll taxes	2,944	3,798	2,549	115	9,406
Total salaries and taxes	<u>36,090</u>	<u>46,560</u>	<u>31,247</u>	<u>1,407</u>	<u>115,304</u>
Transaction fees reimbursements	63,367	-	-	-	63,367
Professional fees	45,440	16,700	16,078	-	78,218
Supplies and minor equipment	22,658	512	3,118	-	26,288
Telephone/Internet	1,358	-	2,725	-	4,083
Postage/Shipping	519	-	1,560	-	2,079
Occupancy	3,912	1,956	3,912	-	9,780
Travel and transportation	131	445	104	-	680
Conferences and meetings	-	-	-	-	-
Insurance	-	-	1,187	-	1,187
Miscellaneous	-	27	3,091	-	3,118
Total functional expenses \$	<u>173,475</u>	<u>66,200</u>	<u>63,022</u>	<u>1,407</u>	<u>304,104</u>

See Accompanying Independent Accountant's Review Report and Notes to the Financial Statements.

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Totals 2017</u>
	<u>Wireless Technology</u>	<u>Training</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries	\$ 36,300	\$ 46,831	\$ 31,429	\$ 1,415	\$ 115,975
Payroll taxes	3,040	3,923	2,633	118	9,714
Total salaries and taxes	<u>39,340</u>	<u>50,754</u>	<u>34,062</u>	<u>1,533</u>	<u>125,689</u>
Transaction fees reimbursements	45,302	-	-	-	45,302
Professional fees	10,000	14,039	9,257	-	33,296
Supplies and minor equipment	13,514	-	3,096	-	16,610
Telephone/Internet	3,368	328	2,312	-	6,008
Postage/Shipping	847	33	1,151	-	2,031
Occupancy	3,852	1,926	3,852	-	9,630
Travel and transportation	401	647	558	-	1,606
Conferences and meetings	85	11,789	603	-	12,477
Insurance	-	-	1,187	-	1,187
Miscellaneous	-	-	2,574	-	2,574
Total functional expenses	<u>\$ 116,709</u>	<u>\$ 79,516</u>	<u>\$ 58,652</u>	<u>\$ 1,533</u>	<u>\$ 256,410</u>

See Accompanying Independent Accountant's Review Report and 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. It has been classified by the Internal Revenue Service as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB ASC 740-10, *Income Taxes*, which prescribed a comprehensive model for how an entity should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the Organization has taken or expects to take on a tax return. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially jeopardize their tax-exempt status. The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they were filed.

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

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, 2018 and 2017, the Organization's uninsured cash balances totaled \$194,202 and \$217,497, 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.

Cash and Cash Equivalents

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration

The Organization is dependent on the funding from various governmental agencies. Approximately 96 percent of the Organization's combined revenues were provided by government funding for the fiscal year ended June 30, 2018. 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.

Restriction of Net Assets

The Organization reports gifts and grants of cash and other assets as restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor or grantor 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. The exception to this policy is when the restrictions are for activities which are carried out during the same period in which the support is received. All governmental grants are included in this exception.

Basis of Accounting

Support and revenue and expenses are reported on the accrual basis of accounting. Governmental grants are subject to governmental program and financial audits and adjustments.

Contributions

All contributions are considered to be available for unrestricted use 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.

Uncertain Tax Positions

The accounting standards on accounting for uncertainty in income taxes address the determination of whether certain tax positions claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by the taxing authorities based on the technical merits of the position. Using this guidance, as of June 30, 2018, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function 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.

Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation with no effect on previously reported net change in assets.

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 is 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, 2018	<u>\$ 363,587</u>	<u>\$ 380,505</u>	<u>\$ 16,918</u>

NOTE C - OPERATING LEASE

On March 21, 2016, the Organization entered into a one year operating lease for office space located at 117 Highbridge Street, Suite U-1, Fayetteville, NY for \$800 per month with G & H Properties that expired on April 30, 2017. On February 1, 2017, the Organization negotiated an extension of the lease for \$815 per month for another one year term effective May 1, 2017 and expiring on April 30, 2018. After the lease extension expired, the Organization has agreed to lease office space month to month at a price of \$815 per month.

Total lease expense for June 30, 2018 and 2017 was \$9,780 and \$9,630, 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:

	2018	2017
Furniture and equipment	\$ 5,693	\$ 5,693
Less accumulated depreciation	(5,693)	(5,693)
Total	\$ -	\$ -

NOTE E – NET ASSETS

The unrestricted net assets consisted of the following at June 30, 2018 and 2017:

	2018	2017
Undesignated, available for general use	\$ 503,839	\$ 435,298
Designated for investments, future programs, and agency needs	380,505	350,901
Total	\$ 884,344	\$ 786,199

NOTE F – GRANT RECEIVABLE

The grant receivable represents the balance due from the New York State Department of Agriculture and Markets of \$158,556 and \$92,428 for the years ended June 30, 2018 and 2017, respectively.

NOTE G – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 25, 2018, 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.