

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

FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Farmers' Market Federation of New York, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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 express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Farmers' Market Federation of New York, Inc. as of June 30, 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Farmers' Market Federation of New York, Inc. for the year ended June 30, 2016, which are included for comparison purposes, were audited by other auditors whose report dated October 7, 2016, expressed an unmodified opinion on those statements.

Manlius, New York
October 20, 2017

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED JUNE 30, 2017 and 2016

ASSETS

	2017	2016
Current Assets:		
Cash	\$ 467,497	\$ 328,831
Investments	350,901	297,352
Grants Receivable	92,428	175,124
Account Receivable	13,516	3,024
Prepaid Expenses	815	4,550
TOTAL ASSETS	\$ 925,157	\$ 808,881

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accrued Expenses	\$ 9,816	\$ 40,482
Deferred Revenue	129,142	75,591
TOTAL CURRENT LIABILITIES	\$ 138,958	\$ 116,073
Net Assets:		
Unrestricted	\$ 786,199	\$ 692,808
TOTAL LIABILITIES & NET ASSETS	\$ 925,157	\$ 808,881

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
SUPPORT AND REVENUE:		
Support:		
Contributions and grants	\$ 12,950	\$ 23,971
Membership	13,225	13,925
Total support	<u>26,175</u>	<u>37,896</u>
Revenue:		
Government grants	178,263	320,362
Coupon Service Fees	78,602	56,048
Program Fees	20,160	12,422
Interest	3,566	1,218
Gain (loss) on investments	43,035	(3,277)
Miscellaneous	-	2,650
Total revenue	<u>323,626</u>	<u>389,423</u>
Total support and revenue	<u>349,801</u>	<u>427,319</u>
 EXPENSES:		
Program Expenses:		
Wireless technology	116,709	178,968
Training	79,516	84,630
Total program services	<u>196,225</u>	<u>263,598</u>
Supporting services:		
Management and general	58,652	46,546
Fundraising	1,533	1,619
Total supporting services	<u>60,185</u>	<u>48,165</u>
Total expenses	<u>256,410</u>	<u>311,763</u>
Excess of support and revenue over expenses	93,391	115,556
 Net Assets - July 1	<u>692,808</u>	<u>577,252</u>
 Net Assets - June 30	<u>\$ 786,199</u>	<u>\$ 692,808</u>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities:		
Cash Received from:		
Contributions and grants	\$ 39,270	\$ 30,821
Memberships	13,225	13,925
Government grants	1,479,880	1,350,117
Program Fees	20,160	12,422
Interest	648	589
Miscellaneous	-	2,650
	1,553,183	1,410,524
Cash disbursed to:		
Program services	(1,374,688)	(1,378,974)
Support Services	(29,829)	(21,000)
	(1,404,517)	(1,399,974)
Net cash provided (used) by operating activities	148,666	10,550
Cash Flows From Investing Activities:		
(Increase) decrease in investments	(10,000)	(300,000)
Net cash provided (used) by investing activities	(10,000)	(300,000)
Net increase (decrease) in cash and cash equivalents	138,666	(289,450)
Cash and cash equivalents - July 1	328,831	618,281
Cash and cash equivalents - June 30	\$ 467,497	\$ 328,831

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENT OF CASH FLOWS, SUPPORTING SCHEDULE
YEARS ENDED JUNE 30, 2017 and 2016

	2017	2016
Reconciliation of excess of support and revenue over expenses:		
Change in net assets:	\$ 93,391	\$ 115,556
Adjustments:		
Depreciaton	-	334
Unrealized (gain) loss on investments	(43,549)	2,648
(Increase) Decrease in grants receivables	82,696	(17,249)
(Increase)/Decrease in account receivable	(10,492)	6,155
(Increase)/Decrease in prepaid expenses	3,735	8,584
Increase (Decrease) in accrued expenses	(30,666)	(63,097)
Increase (Decrease) in deferred revenue	53,551	(42,381)
Total Adjustments	55,275	(105,006)
Net cash provided (used) by operating activities	\$ 148,666	\$ 10,550

See Accompanying Independent Auditors' 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
Depreciation	-	-	-	-	-
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 Auditors' Report and Notes to the Financial Statements.

FARMERS' MARKET FEDERATION OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Totals 2016</u>
	<u>Wireless Technology</u>	<u>Training</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries	\$ 34,661	\$ 44,869	\$ 29,453	\$ 1,489	\$ 110,472
Payroll taxes	3,022	3,910	2,568	130	9,630
Total salaries and taxes	<u>37,683</u>	<u>48,779</u>	<u>32,021</u>	<u>1,619</u>	<u>120,102</u>
Transaction fees reimbursements	52,398	-	-	-	52,398
Professional fees	45,000	23,892	3,656	-	72,548
Supplies and minor equipment	37,669	1,104	3,067	-	41,840
Telephone/Internet	848	1,921	772	-	3,541
Postage/Shipping	1,803	-	1,247	-	3,050
Occupancy	2,580	1,290	2,580	-	6,450
Travel and transportation	481	1,361	125	-	1,967
Conferences and meetings	506	6,283	1,494	-	8,283
Insurance	-	-	1,175	-	1,175
Miscellaneous	-	-	75	-	75
Depreciation	-	-	334	-	334
Total functional expenses	<u>\$ 178,968</u>	<u>\$ 84,630</u>	<u>\$ 46,546</u>	<u>\$ 1,619</u>	<u>\$ 311,763</u>

See Accompanying Independent Auditors' 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 2015, 2016 and 2017 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 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.

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, 2017 and 2016, the Organization's uninsured cash balances totaled \$231,233 and \$78,831, 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 91 percent of the Organization's combined revenues were provided by government funding for the fiscal year ended June 30, 2017. 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, 2017, 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.

Comparative Totals for 2016

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform with the 2017 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, 2017	<u>\$ 310,000</u>	<u>\$ 350,901</u>	<u>\$ 40,901</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.

Total lease expense for June 30, 2017 and 2016 was \$9,630 and \$6,450, 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:

	2017	2016
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, 2017 and 2016:

	2017	2016
Undesignated, available for general use	\$ 435,298	\$ 395,456
Designated for investments, future programs, and agency needs	350,901	297,352
Total	\$ 786,199	\$ 692,808

NOTE F – GRANT RECEIVABLE

The grant receivable represents the balance due from the New York State Department of Agriculture and Markets of \$92,428 and \$175,124 for the years ended June 30, 2017 and 2016, respectively.

NOTE G – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 20, 2017, which is the date that the financial statements were available to be issued.