



C O R N U C O P I A

I N S T I T U T E

FINANCIAL STATEMENTS

December 31, 2018 and 2017

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Cornucopia Institute, Inc.
Cornucopia, Wisconsin

We have audited the accompanying financial statements of The Cornucopia Institute, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended December 31, 2018, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 The Cornucopia Institute, Inc. as of December 31, 2018 and 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.

Janesville Office:

101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:

123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Milwaukee Office:

W229 N1433 Westwood Drive
Suite 105
Waukesha, WI 53186
P: (262) 522-7555
F: (262) 522-7550

Madison Office:

2921 Landmark Place
Suite 300
Madison, WI 53713
P: (608) 274-4020 F:
(608) 308-1616

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, The Cornucopia Institute, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The Institute has adjusted the presentation of the financial statements accordingly. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
May 22, 2019

THE CORNUCOPIA INSTITUTE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash	\$ 1,670,112	\$ 1,498,153
Promises to give, net	45,930	73,968
Contributions receivable	55,923	99,038
Prepaid expenses	3,610	2,172
Investments	7,472	6,397
Equipment, net	680	1,800
Total assets	\$ 1,783,727	\$ 1,681,528
LIABILITIES		
Accounts payable	\$ 24,826	\$ 30,568
Accrued payroll and taxes	47,280	54,233
Total liabilities	72,106	84,801
NET ASSETS		
Without donor restrictions	1,692,691	1,522,797
With donor restrictions	18,930	73,930
Total net assets	1,711,621	1,596,727
Total liabilities and net assets	\$ 1,783,727	\$ 1,681,528

See accompanying notes.

THE CORNUCOPIA INSTITUTE, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2018 and 2017

	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Foundation and corporate contributions	\$ 367,522	\$ 341,633
Member and private contributions	540,967	666,382
In-kind contributions	16,986	13,755
Investment return, net	17,815	15,081
Other revenue	6,508	4,189
Total revenues	949,798	1,041,040
EXPENSES		
Program services		
Education	252,361	303,625
Research and analysis	252,361	303,625
Monitoring and reporting	56,596	67,472
Total program services	561,318	674,722
Management and general	214,504	196,388
Fundraising	59,082	79,650
Total expenses	834,904	950,760
Net assets released from restrictions	55,000	39,000
Change in net assets without donor restrictions	169,894	129,280
NET ASSETS WITH DONOR RESTRICTIONS		
Net assets released from restrictions	(55,000)	(39,000)
Change in net assets with donor restrictions	(55,000)	(39,000)
Change in net assets	114,894	90,280
Net assets at beginning of year	1,596,727	1,506,447
Net assets at end of year	\$ 1,711,621	\$ 1,596,727

See accompanying notes.

THE CORNUCOPIA INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services						
	Education	Research and Analysis	Monitoring and Reporting	Total Program Services	Management and General	Fundraising	Total Expenses
Personnel	\$ 185,624	\$ 185,624	\$ 41,250	\$ 412,498	\$ 131,030	\$ 43,160	\$ 586,688
Contract and labor management	13,185	13,185	2,930	29,300	-	-	29,300
Travel and entertainment	6,806	6,806	1,512	15,124	4,427	1,597	21,148
Information technology	7,978	7,978	1,773	17,729	3,060	417	21,206
Printing and mailing house	13,138	13,138	2,920	29,196	811	2,433	32,440
Postage and delivery	7,657	7,657	1,702	17,016	1,321	1,545	19,882
Rent	4,950	4,950	1,099	10,999	1,163	1,163	13,325
Telephone and internet	7,533	7,533	1,673	16,739	400	400	17,539
Insurance	-	-	-	-	3,804	-	3,804
Professional fees	-	-	518	518	40,997	-	41,515
Supplies	-	-	-	-	3,362	-	3,362
Database management	1,896	1,896	420	4,212	839	839	5,890
Miscellaneous expense	777	777	173	1,727	1,363	-	3,090
Meetings and conferences	560	560	125	1,245	8,126	-	9,371
Licenses, permits, and fees	-	-	-	-	13,641	7,368	21,009
Depreciation	360	360	80	800	160	160	1,120
Graphics and video	1,897	1,897	421	4,215	-	-	4,215
	<u>\$ 252,361</u>	<u>\$ 252,361</u>	<u>\$ 56,596</u>	<u>\$ 561,318</u>	<u>\$ 214,504</u>	<u>\$ 59,082</u>	<u>\$ 834,904</u>

See accompanying notes.

THE CORNUCOPIA INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 114,894	\$ 90,280
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Amortization of discount for Unconditional promises to give	-	(1,070)
Depreciation	1,120	1,550
Net realized and unrealized loss (gain) on investments	2,450	(2,049)
Decrease (increase) in assets		
Promises to give	28,038	20,032
Accounts receivable	43,115	(35,661)
Prepaid expenses	(1,438)	1,193
Increase (decrease) in liabilities		
Accounts payable	(5,742)	(9,651)
Accrued payroll and taxes	(6,953)	(8,886)
Net cash flows from operating activities	175,484	55,738
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	(3,525)	7,651
Net change in cash	171,959	63,389
Cash - beginning of year	1,498,153	1,434,764
Cash - end of year	<u>\$ 1,670,112</u>	<u>\$ 1,498,153</u>

See accompanying notes.

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

The Cornucopia Institute, Inc. is a non-profit organization that engages in educational activities supporting the ecological principles and economic wisdom underlying sustainable and organic agriculture. Through research and investigations on agricultural issues, the Institute provides needed information to consumers, family farmers, and the media. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Promises to Give

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management makes reasonable collection efforts and determines the promises will not be collected.

Accounts Receivable

The Institute considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If accounts become uncollectible, they will be charged to operations when that determination is made.

Investments

The Institute reports investments in marketable equity securities with readily determinable fair values are stated at their fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Equipment

Purchases of equipment in excess of \$1,000 are capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the assets.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, contract and labor management, information technology, printing and mailing house, rent, telephone and internet, and depreciation, which are allocated on the basis of estimates of time and effort.

Certain costs have been allocated among the major program services and supporting activities benefited. The Institute's major programs are as follows:

Education – The Institute educates members and the general public on issues affecting the integrity of organic agriculture and food, sustainable and local food, and direct marketing via newsletters, website, speaking engagements, journal articles, and research reports.

Research and Analysis – The Institute conducts in-depth and ongoing analysis of organic dairying, soy foods, infant formula, and organic beef and research on organic eggs and other commodities.

Monitoring and Reporting – The Institute monitors anti-organic agriculture groups and reports in the media and provides factual refutation, tracks developments in genetically modified agricultural plants and impacts on organic and sustainable food producers, and monitors and researches food safety issues.

Management and general – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of The Cornucopia Institute's program strategy; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of The Cornucopia Institute; and manage the financial and budgetary responsibilities of The Cornucopia Institute.

Fundraising – Provides the structure necessary to encourage and secure private financial from individuals, foundations, and corporations.

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncement

The Institute adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. This 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. The changes required by the update have been applied retrospectively to all periods presented. A key change required by the update 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.

Income Tax Status

The Institute is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through May 22, 2019, the date which the financial statements were available to be issued.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

NOTE 2 – CASH

Cash consisted of the following:

	<u>2018</u>	<u>2017</u>
Checking and money market	\$ 478,153	\$ 528,553
Certificates of deposit	<u>1,191,959</u>	<u>969,600</u>
Cash	<u>\$ 1,670,112</u>	<u>\$ 1,498,153</u>

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give consisted of the following:

	2018	2017
Receivable in less than one year	\$ 45,930	\$ 55,038
Receivable in one to five years	-	20,000
Unconditional promises to give	45,930	75,038
Less discount to net present value	-	1,070
Unconditional promises to give, net	\$ 45,930	\$ 73,968

Unconditional promises to give receivable in more than one year are discounted at 2.5%.

NOTE 4 – INVESTMENTS

Investments consisted of the following and the fair values of these assets measured on a recurring basis are as follows:

	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stocks	\$ 7,472	\$ 7,472	\$ -	\$ -
Investments - 2018	\$ 7,472	\$ 7,472	\$ -	\$ -
Money market fund	\$ 656	\$ 656	\$ -	\$ -
Stocks	5,741	5,741	-	-
Investments - 2017	\$ 6,397	\$ 6,397	\$ -	\$ -

Fair values for the money market fund and stocks are determined by reference to quoted market prices and in active markets.

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 5 – EQUIPMENT

Equipment consisted of the following:

	2018	2017
Equipment	\$ 5,977	\$ 5,977
Accumulated depreciation	(5,297)	(4,177)
Equipment, net	\$ 680	\$ 1,800

NOTE 6 – NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2018	2017
Expand capacity in California	\$ -	\$ 15,000
Subsequent years' activity	18,930	58,930
Net assets with donor restrictions	\$ 18,930	\$ 73,930

NOTE 7 – LIQUIDITY AND AVAILABILITY

The Cornucopia Institute's board of directors has designated net assets without donor restrictions in the Legacy Fund, to support long-term operations of the Institute.

The following table reflects the Institute's financial assets as of the date of the statement of financial position reduced by amounts that are not available to meet cash needs for general expenditures within one year of the date of the statement of financial position because of donor-imposed restrictions.

Cash	\$ 1,670,112
Contributions receivable	55,923
Promises to give, net	45,930
Investments	7,472
Financial assets, at year-end	1,779,437
Less those unavailable for general expenditures within one year due to board-designated Legacy Fund	(1,048,000)
Financial assets, at year-end, available to meet cash needs for general expenditures within one year	\$ 731,437

Financial assets not available for general expenditures include \$1,048,000 at December 31, 2018 set aside to support long-term operations of the Institute. However, these board-designated funds could be made available if necessary.

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 7 – LIQUIDITY AND AVAILABILITY (continued)

The Institute is substantially supported by contributions with and without restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Institute must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Institute's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.