

**SCHOOL NUTRITION FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2022 AND 2021**



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**SCHOOL NUTRITION FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
School Nutrition Foundation
Arlington, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of School Nutrition Foundation (a nonprofit organization), which comprise the statements of financial position as of July 31, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years 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 School Nutrition Foundation as of July 31, 2022 and 2021, and the changes in its net assets and 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of School Nutrition Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 School Nutrition Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 School Nutrition Foundation' 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 School Nutrition Foundation' 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.



CliftonLarsonAllen LLP

Arlington, Virginia
February 10, 2023

**SCHOOL NUTRITION FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,115,787	\$ 725,081
Accounts Receivable	35,398	49,947
Pledges Receivable	31,524	10,357
Prepaid Expenses	2,867	2,139
Total Current Assets	1,185,576	787,524
PLEDGES RECEIVABLE, LESS CURRENT PORTION	5,000	15,000
INVESTMENTS	3,650,111	4,070,913
PROPERTY AND EQUIPMENT		
Furniture and Equipment	614	614
Less: Accumulated Depreciation	(614)	(614)
Total Property and Equipment, Net	-	-
 Total Assets	 \$ 4,840,687	 \$ 4,873,437
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 24,394	\$ 31,845
Due to SNA	337,281	148,793
Deferred Revenue - Annual Meeting	-	12,500
Deferred Revenue - Grants	253,626	8,472
Scholarships Payable	55,420	46,361
Total Current Liabilities	670,721	247,971
NET ASSETS		
Without Donor Restrictions	1,154,593	1,177,534
With Donor Restrictions	3,015,373	3,447,932
Total Net Assets	4,169,966	4,625,466
 Total Liabilities and Net Assets	 \$ 4,840,687	 \$ 4,873,437

See accompanying Notes to Financial Statements.

**SCHOOL NUTRITION FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JULY 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions	333,168	20,435	\$ 353,603	\$ 239,962	\$ 200	\$ 240,162
Grants	62,046	-	62,046	153,287	-	153,287
GoFundMe Campaign	-	-	-	107,691	-	107,691
L.E.A.D. Grant	489,748	-	489,748	219,293	-	219,293
Project Management Income	34,078	-	34,078	50,500	-	50,500
Investment (Loss) Income, Net	(28,674)	(361,897)	(390,571)	167	738,332	738,499
Other Revenue	-	-	-	42,090	-	42,090
Release of Program Restrictions	91,097	(91,097)	-	117,218	(117,218)	-
Total Revenue	<u>981,463</u>	<u>(432,559)</u>	<u>548,904</u>	<u>930,208</u>	<u>621,314</u>	<u>1,551,522</u>
EXPENSES						
Program Services	667,231	-	667,231	584,565	-	584,565
Administration	288,540	-	288,540	306,723	-	306,723
Fundraising	48,634	-	48,634	6,619	-	6,619
Total Expenses	<u>1,004,404</u>	<u>-</u>	<u>1,004,404</u>	<u>897,907</u>	<u>-</u>	<u>897,907</u>
CHANGE IN NET ASSETS	(22,941)	(432,559)	(455,500)	32,301	621,314	653,615
Net Assets - Beginning of Year	<u>1,177,534</u>	<u>3,447,932</u>	<u>4,625,466</u>	<u>1,145,233</u>	<u>2,826,618</u>	<u>3,971,851</u>
NET ASSETS - END OF YEAR	<u>\$ 1,154,593</u>	<u>\$ 3,015,373</u>	<u>\$ 4,169,966</u>	<u>\$ 1,177,534</u>	<u>\$ 3,447,932</u>	<u>\$ 4,625,466</u>

See accompanying Notes to Financial Statements.

**SCHOOL NUTRITION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2022**

	Program Services				Supporting Services			Total Expenses	
	Grants	Scholarships	Endowment	Other Program Services	Total Program Services	Administration	Fundraising		Total Support Services
Consultants	\$ 304,229	\$ 4,242	\$ -	\$ -	\$ 308,470	\$ 131,689	\$ 2,092	\$ 133,780	\$ 442,251
Salaries	144,563	-	-	-	144,563	45,713	-	45,713	190,276
Scholarships	3,000	46,357	-	-	49,357	-	-	-	49,357
Meetings	6,200	-	-	-	6,200	3,049	39,975	43,024	49,224
Travel	33,297	-	-	-	33,297	844	136	981	34,278
Occupancy	-	-	-	-	-	25,386	5,100	30,486	30,486
Bank Processing Service Fees	-	-	-	-	-	4,463	-	4,463	4,463
Grants	-	-	52,519	-	52,519	-	-	-	52,519
Insurance	-	-	-	-	-	1,000	-	1,000	1,000
Accounting Fees	-	-	-	-	-	26,965	-	26,965	26,965
Employee Benefits	-	-	-	-	-	10,826	-	10,826	10,826
Payroll Taxes	-	-	-	-	-	9,115	-	9,115	9,115
Legal/License Fees	250	1,741	-	-	1,991	25,449	-	25,449	27,440
Postage/Shipping	1,436	-	-	-	1,436	56	-	56	1,492
Office Equipment/Supplies	968	-	-	-	968	4,254	1,331	5,584	6,552
Telephone	-	-	-	-	-	1,444	-	1,444	1,444
Overhead Allocation	57,851	-	10,578	-	68,429	(1,714)	-	(1,714)	66,715
Total	\$ 551,794	\$ 52,340	\$ 63,097	\$ -	\$ 667,231	\$ 288,540	\$ 48,634	\$ 337,173	\$ 1,004,404

See accompanying Notes to Financial Statements.

**SCHOOL NUTRITION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2021**

	Program Services				Supporting Services			Total Expenses	
	Grants	Scholarships	Endowment	Other Program Services	Total Program Services	Administration	Fundraising		Total Support Services
Consultants	\$ 142,861	\$ -	\$ -	\$ -	\$ 142,861	\$ 103,400	\$ -	\$ 103,400	\$ 246,261
Salaries	125,603	8,494	-	42	134,139	72,408	2,497	74,905	209,044
Scholarships	-	21,500	-	-	21,500	-	-	-	21,500
Meetings	9,074	-	-	-	9,074	5,987	-	5,987	15,061
Travel	7,140	-	-	-	7,140	-	-	-	7,140
Occupancy	-	-	-	-	-	28,395	-	28,395	28,395
Bank Processing Service Fees	9	-	-	-	9	7,971	881	8,852	8,861
Grants	102,570	-	96,118	-	198,688	-	-	-	198,688
Insurance	-	-	-	-	-	1,000	-	1,000	1,000
Accounting Fees	-	-	-	-	-	29,545	-	29,545	29,545
Employee Benefits	6,052	-	-	-	6,052	15,564	-	15,564	21,616
Marketing/Promotion	527	-	-	-	527	760	988	1,748	2,275
Payroll Taxes	-	-	-	-	-	9,734	-	9,734	9,734
Legal/License Fees	-	1,830	-	-	1,830	8,259	-	8,259	10,089
Postage/Shipping	-	-	-	-	-	2,707	-	2,707	2,707
Office Equipment/Supplies	-	-	-	-	-	580	-	580	580
Telephone	-	-	-	-	-	1,617	-	1,617	1,617
Overhead Allocation	36,876	5,746	20,100	23	62,745	18,796	2,253	21,049	83,794
Total	\$ 430,712	\$ 37,570	\$ 116,218	\$ 65	\$ 584,565	\$ 306,723	\$ 6,619	\$ 313,342	\$ 897,907

See accompanying Notes to Financial Statements.

**SCHOOL NUTRITION FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (455,500)	\$ 653,615
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Unrealized Loss (Gain) on Investments	672,936	(616,391)
Realized Gain on Sale of Investments	(202,439)	(58,125)
Change in Assets and Liabilities:		
Accounts Receivable	14,549	(35,278)
Pledges Receivable	(11,167)	25,413
Prepaid Expenses	(728)	(1,736)
Accounts Payable and Accrued Expenses	(7,451)	(11,242)
Due to SNA	188,488	(23,945)
Deferred Revenue - Annual Meeting	(12,500)	(25,000)
Deferred Revenue - Grants	245,154	(128,921)
Grants Payable	-	(601,904)
Scholarships Payable	9,059	(7,222)
Net Cash Provided (Used) by Operating Activities	440,401	(830,736)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(787,163)	(1,033,781)
Proceeds from Sales of Investments	737,468	1,091,769
Net Cash Provided (Used) by Investing Activities	(49,695)	57,988
NET CHANGE IN CASH AND CASH EQUIVALENTS	390,706	(772,748)
Cash and Cash Equivalents - Beginning of Year	725,081	1,497,829
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,115,787	\$ 725,081

See accompanying Notes to Financial Statements.

**SCHOOL NUTRITION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

School Nutrition Foundation (the Foundation), established in 1964, focuses on professional development of school food service personnel, school nutrition research and public information about school nutrition and school food service.

The following is a description of the major programs conducted by the Foundation:

Grants

Breakfast in the Classroom (BIC) Grants, funded by the Walmart Foundation, is a consortium of national education and nutrition organizations, including the Food Research & Action Center (FRAC), the Foundation, the NEA Foundation, and the National Association of Elementary School Principals (NAESP) Foundation. The mission of Partners for BIC is to increase breakfast consumption among schoolchildren and spark the academic and nutritional gains associated with the morning meal.

Scholarships

The Foundation provides scholarships for School Nutrition Association (SNA) members to pursue their education and to attend the SNA conferences. The longest standing professional development scholarship provides individual scholarships to active SNA members to pursue school foodservices related coursework at the college/vocational level.

Endowment

The Invest in U.S. Endowment fund created in 1993 provides a reliable source of income to help fund special public education and awareness efforts targeting all those who influence the eating habits of children as well as the children themselves.

L.E.A.D. to Succeed

SNF's L.E.A.D. (Learn, Educate, Advance, Develop) to Succeed workforce tools and training modules have been developed specifically for school nutrition professionals seeking to Learn, Educate, Advance and Develop in the school nutrition field.

L.E.A.D to Succeed was made possible through a \$2 million grant from U.S. Department of Agriculture's (USDA) Food and Nutrition Service, and developed with a team from Georgetown University McDonough School of Business. The initiative addresses workforce development needs for school nutrition professionals in the areas of personnel management and communication, marketing, and customer service.

These high-caliber professional development tools are open to SNA members and non-members, and available at no cost for all.

**SCHOOL NUTRITION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Operations (Continued)

Other Program Services

The Foundation works with certain schools operating as Nutrition Hubs that participate in and maximize all federal child nutrition programs available, in addition to the National School Lunch Program, which includes school breakfast, afterschool meals and summer meals. They help provide children with access to the nutrition they need during the school year and in the summertime.

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

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 the reported amounts of assets and liabilities and disclosure of contingent 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.

Income Taxes

The Foundation is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. The Foundation currently has no unrelated business income.

The Foundation's income tax returns are subject to review and examination by federal and state authorities. The Foundation is not aware of any activities that would jeopardize its tax-exempt status.

Cash and Cash Equivalents

The Foundation considers demand deposits and highly liquid investments purchased with an initial maturity of three months or less to be cash and cash equivalents.

Accounts and Pledges Receivable

Pledges are recognized when the donor makes an unconditional promise to give and recorded as unrestricted, temporarily, or permanently restricted depending on the existence and/or nature of the restrictions. Long-term pledges are discounted to net present value.

Accounts and pledges receivable that are 90 days past due are individually analyzed for collectability. An allowance for doubtful accounts is recorded for receivables and pledges based on management's estimate. When all collection efforts have been exhausted, the accounts are written off. At July 31, 2022 and 2021, there were no allowances for doubtful accounts recorded.

**SCHOOL NUTRITION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at their fair value. Accordingly, unrealized gains and losses due to market fluctuations during the year are reflected in the statement of activities. Realized gains and losses are recognized upon sale or disposal.

Fair Value of Financial Instruments

The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. The Foundation uses a framework for measuring fair value to establish a fair value hierarchy based on the quality of inputs used to measure fair value.

The Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets whose values are based on unadjusted quoted prices for identical assets in an active market that the Association has the ability to access. Securities value using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange. Securities valued using Level 1 input includes actively traded mutual funds.

Level 2 – Financial assets whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset. Level 2 inputs include among others, quoted prices for similar assets in active market or nonactive markets.

Level 3 – Financial assets whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives which range from 3 to 5 years. All acquisitions with a value greater than \$500 with expected lives greater than one year are capitalized.

Deferred Revenue

Unspent grant revenue on grants considered exchange transactions are deferred until the funds have been spent for the intended purpose.

**SCHOOL NUTRITION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Scholarships Payable

Scholarships are recorded as payables as candidates are identified and approved. Scholarships payable are expected to be paid out during the following fiscal year.

Net Assets

Net assets have been classified based upon the existence or absence of donor-imposed restrictions. The classes of net assets are as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or law.

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. Contributions with restrictions that are met in the same reporting period the contributions were received are reported as net assets without donor restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The corpus of these donations is invested and earnings are recorded as net assets with donor restrictions until appropriated for spending and utilized for the intended purpose.

Revenue Recognition

The Foundation records contributions as support with or without donor restrictions depending on the existence or absence of donor restrictions. Contributions, which include meeting sponsorships, website donations, and Patron Program contributions, are recognized as support in accordance with their terms. Recognition of a pledge occurs on the date the pledge is made or committed. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend are met. At the time the conditions are met, those promises become unconditional and are recognized as contributions with or without donor restrictions, as noted above.

Grants are received from governmental and private sources and are reported as deemed appropriate in accordance with the grant agreement. For grants reported as exchange transactions, revenue is recognized as expenses are incurred. Additional amounts received for future administrative costs are recorded as deferred revenue.

GoFundMe Campaign contributions provide funding grants to support school districts. Revenue is recognized when contributions are received.

The L.E.A.D. Grant is considered conditional and accordingly revenue is recognized when conditions are met (as qualifying expenditures are incurred). At July 31, 2022 and 2021, the Foundation had \$1,162,386 and \$1,652,134, respectively of conditional grants receivable in the future when the required condition is met.

**SCHOOL NUTRITION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses

Costs of providing programs and supporting services are presented on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs including rent and utilities have been allocated among programs and supporting services benefited based on the number of employees by function.

Subsequent Events

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 10, 2023, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Foundation to concentrations of credit risk consist of a demand deposit and money market accounts with several financial institutions. Funds in these accounts sometimes exceed the Federal deposit insurance limits.

NOTE 3 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 as of July 31:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,115,787	\$ 725,081
Investments	3,650,111	4,070,913
Accounts Receivable	35,398	49,947
Pledges Receivable, Current	31,524	10,357
Total	<u>4,832,820</u>	<u>4,856,298</u>
Less: Donor Restricted Funds	(3,015,373)	(3,447,932)
Total	<u>\$ 1,817,447</u>	<u>\$ 1,408,366</u>

As part of its liquidity management, the Foundation structures its financial assets to be available as its general expenditures and liabilities come due. Investments are mostly held for long-term purposes which include donor-restricted funds. Although the Foundation does not intend to spend from investments other than the amount budgeted during its annual budget approval and appropriation, amounts from its investments could be made available, if necessary.

**SCHOOL NUTRITION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021**

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable are recorded at the gross amount of the pledge and are discounted to present value. The Foundation discounts amounts due after one year at a rate determined to be applicable the time the pledge is made. At July 31, 2022 and 2021, no present value discounts were recorded, and pledges were expected to be collected in:

	2022	2021
Less than One Year	\$ 31,524	\$ 10,357
One to Five Years	5,000	15,000
Total	<u>\$ 36,524</u>	<u>\$ 25,357</u>

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of July 31:

	2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Funds-Equities	\$ 2,072,493	\$ -	\$ -	\$ 2,072,493
Mutual Funds-Fixed Income	1,548,428	-	-	1,548,428
Money Market Funds	29,190	-	-	29,190
Total	<u>\$ 3,650,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,650,111</u>
	2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Funds-Equities	\$ 2,270,270	\$ -	\$ -	\$ 2,270,270
Mutual Funds-Fixed Income	1,575,095	-	-	1,575,095
Exchange Traded Funds	202,573	-	-	202,573
Money Market Funds	22,975	-	-	22,975
Total	<u>\$ 4,070,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,070,913</u>

Investment (loss) income consists of the following for the years ended July 31:

	2022	2021
Interest and Dividends	\$ 128,005	\$ 93,758
Realized Gain	202,439	58,125
Unrealized Gain (Loss)	(672,936)	616,391
Investment Fees	(48,079)	(29,775)
Total	<u>\$ (390,571)</u>	<u>\$ 738,499</u>

**SCHOOL NUTRITION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021**

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The Foundation invests in a variety of investments. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

NOTE 6 CONTRACT REVENUE

The following table shows the Foundation's contract revenue disaggregated according to timing and transfer of goods and services.

	<u>2022</u>	<u>2021</u>
Revenue Recognized Over Time:		
Grants	\$ 62,046	\$ 153,287
Project Management Income	34,078	50,500
Total	<u>\$ 96,124</u>	<u>\$ 203,787</u>

The following table provides information about significant changes in the contract liabilities as of July 31:

	<u>2022</u>	<u>2021</u>
Deferred Revenue, Beginning of Year	\$ 8,472	\$ 137,393
Revenue Recognized that was Included in Deferred Revenue at the Beginning of the Year	(62,046)	(128,921)
Increase in Deferred Revenue due to Cash Received During the Period	307,200	-
Deferred Revenue, End of Year	<u>\$ 253,626</u>	<u>\$ 8,472</u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of July 31:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specific Purpose:		
Annual Meeting	\$ 49,931	\$ 49,931
Scholarships	167,127	194,707
Subject to Spending Policy and Appropriation:		
Endowment Funds - Invest in U.S.	2,798,315	3,203,294
Total	<u>\$ 3,015,373</u>	<u>\$ 3,447,932</u>

**SCHOOL NUTRITION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021**

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from donor restrictions as follows for the years ended July 31:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions:		
Annual Meeting	\$ -	\$ 500
Scholarships	31,523	500
Restricted Purpose Spending-Rate Appropriations:		
Scholarships - Invest in U.S.	<u>59,574</u>	<u>116,218</u>
Total	<u>\$ 91,097</u>	<u>\$ 117,218</u>

NOTE 8 ENDOWMENTS

Net assets with donor restrictions consist of donor-restricted endowment funds. The principal of the endowment funds is to be held in perpetuity and the net earnings used for programs and scholarships.

Endowment net assets composition by type of fund were as follows as of July 31:

	<u>2022</u>	<u>2021</u>
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amounts and Amounts Required to be Maintained in Perpetuity	\$ 2,475,909	\$ 2,475,909
Accumulated Investment Gains	<u>322,406</u>	<u>727,385</u>
Total	<u>\$ 2,798,315</u>	<u>\$ 3,203,294</u>

The Invest in U.S. endowment is dedicated to meeting the nutritional needs of America's school children. Income from this endowment funds special public education and awareness efforts targeting those who influence the eating habits of children as well as the children themselves.

The Nancy Curry Scholarship endowment includes a private endowment donation of \$25,100 where the annual interest is awarded as the Nancy Curry Scholarship each year. Ten percent of the earnings are designated for grant administration expenses.

**SCHOOL NUTRITION FOUNDATION
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NOTE 8 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The endowment funds are subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, all unappropriated endowment fund assets are considered restricted. The board of directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts donated to the permanent endowment, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The unspent earnings are available for expenditure in subsequent years following appropriation by the Foundation's board of directors in a manner consistent with the standard of prudence prescribed by UPMIFA to support activities as specified by the donor.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy approved by the board of directors the endowment assets are invested in a manner with long term orientation and without undue exposure to risk.

Over the long term, the Foundation expects to allow its endowment to grow annually, consistent with the Foundation's objectives to maintain the purchasing power of the endowment assets held in-perpetuity and to provide additional real growth through investment returns.

**SCHOOL NUTRITION FOUNDATION
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NOTE 8 ENDOWMENTS (CONTINUED)

Spending Policy

The Foundation may distribute up to 3.5% and 3.0% of a three-year rolling average of the endowment fund's balance for the years ended July 31, 2022 and 2021, respectively.

Endowment net asset composition by type and changes in endowment net assets for the years ended July 31 is as follows:

	With Donor Restrictions
Endowment Net Assets, July 31, 2020	\$ 2,614,091
Total Investment Return	705,421
Appropriations	(116,218)
Endowment Net Assets, July 31, 2021	3,203,294
Total Investment Return	(345,405)
Appropriations	(59,574)
Endowment Net Assets, July 31, 2022	\$ 2,798,315

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of July 31, 2022 and 2021.

NOTE 9 RELATED PARTY TRANSACTIONS

The School Nutrition Association (SNA) is a separate organization and does not control the Foundation. The Foundation shares staff and office space at SNA's headquarters and reimburses SNA for its share of the costs. Such costs totaled \$56,123 and \$186,447 for the years ended July 31, 2022 and 2021, respectively. At July 31, 2022 and 2021, \$337,281 and \$148,793, respectively, was owed to SNA.

The Affiliation Agreement between SNA and the Foundation was entered into on April 27, 2011, with the first term effective for two years. Thereafter, the agreement automatically renews for successive two-year terms without any further action by either party. The agreement can be cancelled by either party giving written notice up to 30 days prior to a renewal term for any reason, but otherwise is a noncancelable agreement. Management does not believe cancellation is likely.



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