HEALTHY SCHOOLS CAMPAIGN

YEARS ENDED DECEMBER 31, 2020 AND 2019

HEALTHY SCHOOLS CAMPAIGN

YEARS ENDED DECEMBER 31, 2020 AND 2019

CONTENTS

RIPPLE
TAX & FINANCIAL SERVICES

Independent Auditor's Report

Board of Directors
Healthy Schools Campaign
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Healthy Schools Campaign (the Organization) (an Illinois nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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.

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 Healthy Schools Campaign as of December 31, 2020 and 2019, 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.

Ripple Tax & Financial Services, Inc.

Chicago, Illinois
July 14, 2021

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF FINANCIAL POSITION

December 31,	**2020**	2019
ASSETS		
Current assets:		
Cash	**$ 961,766**	$ 717,086
Accounts receivable	**563,782**	165,655
Prepaid expenses	**17,824**	17,317
Total current assets	**1,543,372**	900,058
Property and equipment:		
Furniture and equipment	**11,110**	117,934
Less accumulated depreciation	**11,110**	117,159
Property and equipment, net	**-**	775
Other assets:		
Donated goods	**-**	21,600
Prepaid unemployment benefits	**31,180**	10,377
Total other assets	**31,180**	31,977
Total assets	**$ 1,574,552**	$ 932,810

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF FINANCIAL POSITION (CONTINUED)

December 31,	**2020**	2019
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	**$ 47,876**	$ 26,251
Accrued wages and benefits	**83,078**	99,324
Accrued expenses	**40,968**	70,061
Deferred rent	**-**	6,797
Deferred revenues	**162,058**	60,187
Total current liabilities	**333,980**	262,620
Net assets:		
Without donor restrictions:		
Undesignated	**254,336**	216,990
Total net assets without donor restrictions	**254,336**	216,990
With donor restrictions:		
Purpose restricted	**973,736**	288,200
Time restricted	**12,500**	165,000
Total net assets with donor restrictions	**986,236**	453,200
Total net assets	**1,240,572**	670,190
Total liabilities and net assets	**$ 1,574,552**	$ 932,810

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended December 31,	2020			2019		
	Without donor restrictions	**With donor restrictions**	**Total**	Without donor restrictions	With donor restrictions	Total
Revenues:						
Grants and contributions	**$ 1,318,324**	**$ 986,236**	**$ 2,304,560**	$ 1,413,972	$ 453,200	$ 1,867,172
Program service fees	**185,719**		**185,719**	226,000		226,000
Other income	**2,165**		**2,165**	4,534		4,534
Donated goods and services	**-**		**-**	18,800		18,800
Interest income	**311**		**311**	474		474
Special events, net of expenses	**-**		**-**	66,824		66,824
Net assets released from restrictions	**453,200**	**(453,200)**	**-**	439,165	(439,165)	-
Total public support and revenues	**1,959,719**	**533,036**	**2,492,755**	2,169,769	14,035	2,183,804
Expenses:						
Program	**1,575,558**		**1,575,558**	1,763,459		1,763,459
Management and general	**226,740**		**226,740**	184,638		184,638
Fundraising	**120,075**		**120,075**	167,205		167,205
Total expenses	**1,922,373**		**1,922,373**	2,115,302		2,115,302
Increase in net assets	**37,346**	**533,036**	**570,382**	54,467	14,035	68,502
Net assets, beginning of year	**216,990**	**453,200**	**670,190**	162,523	439,165	601,688
Net assets, end of year	**$ 254,336**	**$ 986,236**	**$ 1,240,572**	$ 216,990	$ 453,200	$ 670,190

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF CASH FLOWS

Years ended December 31,		2020		2019
Cash flows from operating activities:				
Increase in net assets	$	**570,382**	$	68,502
Adjustments to reconcile above to cash provided by (used in) operating activities:				
Contributed goods		**-**		(21,600)
Depreciation		**775**		2,105
(Increase) decrease in operating assets:				
Accounts receivable		**(398,127)**		372,929
Prepaid expenses		**(507)**		14,122
Donated goods		**21,600**		19,200
Prepaid unemployment benefits		**(20,803)**		18,017
Security deposits		**-**		10,000
Increase (decrease) in operating liabilities:				
Accounts payable		**21,625**		(12,370)
Accrued wages and benefits		**(16,246)**		(8,600)
Accrued expenses		**(29,093)**		19,782
Deferred rent		**(6,797)**		(2,116)
Deferred revenues		**101,871**		(48,146)
Cash provided by operating activities		**244,680**		431,825
Increase in cash		**244,680**		431,825
Cash, beginning of year		**717,086**		285,261
Cash, end of year	$	**961,766**	$	717,086
Non-cash investing activity:				
Disposal of fully depreciated equipment	$	**106,824**		-

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2020	Program	Management and general	Fundraising	Total
Salaries and payroll taxes	$ 954,861	$ 141,461	$ 82,519	$ 1,178,841
Payroll taxes and fringe benefits	293,602	43,496	25,373	362,471
Accounting fees	-	8,500	-	8,500
Data services	3,564	528	308	4,400
Depreciation	628	93	54	775
Dues and subscriptions	-	436	-	436
Equipment expense	1,122	166	97	1,385
Fees and licenses	-	3,641	-	3,641
Information technology	36,244	5,369	3,132	44,745
Insurance	-	5,794	-	5,794
Meetings, trainings, and conferences	7,058	-	71	7,129
Miscellaneous	9,838	1,458	850	12,146
Occupancy	28,567	4,232	2,469	35,268
Office expenses	9,643	1,429	833	11,905
Printing and postage	4,599	53	1,952	6,604
Professional fees	195,824	9,439	2,000	207,263
Program materials	4,386	-	-	4,386
Telephone	4,357	645	377	5,379
Travel	21,265	-	40	21,305
Total functional expenses	$ 1,575,558	$ 226,740	$ 120,075	$ 1,922,373

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

Year ended December 31, 2019	Program	Management and general	Fundraising	Total
Salaries and payroll taxes	$ 895,509	$ 111,939	$ 111,938	$ 1,119,386
Payroll taxes and fringe benefits	278,377	34,797	34,797	347,971
Accounting fees	-	11,000	-	11,000
Data services	3,840	480	480	4,800
Depreciation	1,684	210	210	2,104
Dues and subscriptions	-	21	195	216
Equipment expense	909	113	114	1,136
Fees and licenses	-	1,983	-	1,983
Information technology	29,309	3,664	3,664	36,637
Insurance	-	4,474	-	4,474
Meetings, trainings, and conferences	69,634	213	1,892	71,739
Miscellaneous	7,875	985	985	9,845
Occupancy	53,912	6,739	6,739	67,390
Office expenses	8,735	1,092	1,092	10,919
Printing and postage	8,105	280	443	8,828
Professional fees	346,092	6,045	2,500	354,637
Program materials	5,041	-	-	5,041
Telephone	4,058	507	507	5,072
Travel	50,379	96	1,649	52,124
Total functional expenses	$ 1,763,459	$ 184,638	$ 167,205	$ 2,115,302

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

NOTES TO FINANCIAL STATEMENTS

1. General

Healthy Schools Campaign (the "Organization") is a non-profit organization headquartered in Chicago and organized under Illinois law. The Organization's mission is to ensure that all students have equitable access to healthy school environments, including nutritious food, physical activity, safe and health-promoting outdoor spaces, health services and clean air, where they can learn and thrive. Healthy Schools Campaign focuses on issues affecting low-income students of color and strives to make equity part of the public dialogue about education, health and the environment. The Organization receives contributions and grants from foundations, corporations, individuals, and a government agency.

2. Summary of significant accounting policies

Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets:

The Organization's net assets are classified into two classes: net assets without donor restrictions and net assets with donor restrictions, according to the existence of donor-imposed restrictions.

Net assets without donor restrictions - Net assets available to fund the general operations of the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization and the environment in which it operates.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such that they 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. The income from net assets held in perpetuity is expended primarily to support projects consistent with donor-designated guidelines. We report contributions restricted by donors 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, depending on the nature of the 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. There were no donor-imposed restrictions that are perpetual in nature at December 31, 2020 and 2019.

2. Summary of significant accounting policies (continued)

Trade accounts receivable:

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on management's assessment of the credit history with customers and others having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Furniture and equipment:

Equipment is stated at cost. Donated equipment is stated at the estimated fair value at the date of donation. The Organization capitalizes fixed asset additions over $1,500.

Depreciation is provided using the straight-line method over the estimated useful lives of depreciable assets. Equipment is depreciated over 3 years and furniture is depreciated over 5 years.

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.

Contributions and contributed goods:

The Organization recognizes contributed goods and services at their estimated fair value at date of receipt. The Organization received contributed goods with an estimated fair value totaling $21,600 for the year ended December 31, 2019.

Deferred rent:

In accordance with generally accepted accounting principles, the Organization records monthly rent expense equal to total minimum payments due over the lease term divided by the number of months in the lease term. The difference between rent expense recorded and the amount paid is charged to deferred rent, which is reflected as a separate line item in the statement of financial position.

Functional allocation of expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include various operating expenses which are allocated on the basis of estimates of time and effort.

2. Summary of significant accounting policies (continued)

Income tax status:

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Code. The Organization has adopted the requirements for accounting for uncertain tax positions and management has determined that the Organization was not required to record a liability related to uncertain tax positions as of December 31, 2020 and 2019.

Revenue recognition:

Contributions are recognized when the donor makes a promise to give to Healthy Schools Campaign that is, in substance, unconditional. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

> **Grant Awards that are Contributions:** Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

> **Grant Awards that are Exchange Transactions:** Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

The Organization received sponsorship fees applicable to multiple periods. Income from sponsorships is deferred until earned.

Deferred revenue totaled $162,058 and $60,187 at December 31, 2020 and 2019, respectively.

3. Revenue recognition – contract services

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods.

The Organization adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. There were no changes to previously reported net assets to reflect the effect of the new guidance.

Disaggregation and significant judgments:

Sponsorship agreements provide the Organization's sponsors with sponsorship benefits during multiple periods. The usage of such benefits includes obligations that are either satisfied at a "point in time" or are estimated to be evenly applied throughout the contract term ("over time"). The Organization recognizes sponsorship revenues for financial reporting purposes either upon the satisfaction of each obligation at a "point in time" or based on usage "over time".

Program service agreements identify various tasks and deliverables that must be completed and the transaction price applicable to the completion of each task and deliverable. The Organization recognizes program service revenues upon the completion of each task and deliverable.

Contract balances:

Contract liabilities include deferred revenues, which represent sponsorship fee revenues to be recognized over future periods. Deferred sponsorship fee revenues totaled $61,200 and $12,700 as of December 31, 2020 and 2019, respectively.

Performance obligations:

Payment for sponsorship fees is due at the start of the contract term. Billed amounts related to future periods are deferred until the expiration of such periods. The remaining performance obligations represent future periods of existing contract terms and are expected to be recognized as revenue within one year.

Payment for program services is due upon the billing of such services when completed.

4. Revenue recognition - contributions

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. When adopted, the amendments in the ASU must be applied using one of two retrospective methods.

The Organization adopted ASC 958 during 2019 using the full retrospective method, and restated all prior periods due to the cumulative effect of adopting ASC 958.

5. Liquidity and availability

The following represents the Organization's financial assets:

December 31,	**2020**	2019
Financial assets at year-end:		
Cash	**$ 961,766**	$ 717,086
Accounts receivable	**563,782**	165,655
Total financial assets	**1,525,548**	882,741
Less amounts not available to be used within one year:		
Purpose restricted net assets	**973,736**	288,200
Financial assets available to meet general expenditures within one year	**$ 551,812**	$ 594,541

The Organization manages available cash to meet general expenditures following these principles:

- Meet operating needs and contractual commitments
- Maintain adequate liquid assets
- Maintain sufficient reserves to fund program spending

The sources of liquidity available to the Organization are cash and grant and program receivables. The Organization prepares monthly budgetary projections for the upcoming year.

Program and other known expenses are considered when preparing the budget. Management monitors the bank account to maintain the reserve.

6. Credit risk

The Organization maintains its cash in bank accounts at a national bank. These cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Such accounts, at times, may exceed federally insured limits. The Organization had uninsured balances totaling approximately $715,000 and $467,000 at December 31, 2020 and 2019, respectively. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk on cash.

7. Major contributors

During the year ended December 31, 2020, approximately 37% of total support revenue was from three grantors.

During the year ended December 31, 2019, approximately 22% of total support revenue was from two grantors.

8. Net assets with donor restrictions – time and purpose-restricted

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

December 31,	**2020**	2019
Time-restricted funds	**$ 12,500**	$ 165,000
Purpose-restricted funds:		
Chicago Programs	**187,500**	125,700
Financial Stability	**-**	30,000
Mission Sustainability	**6,236**	-
National Programs	**562,500**	97,500
Space to Grow	**217,500**	35,000
Total	**$ 986,236**	$ 453,200

Net assets with donor restrictions are available to fund programs consistent with donor-designated guidelines. Upon the satisfaction of time and purpose restrictions, funds have been reclassified to net assets without donor restrictions. During the years ended December 31, 2020 and 2019, the Organization expended $453,200 and $439,165, respectively, to fund programs. Accordingly, those amounts have been released from net assets with donor restrictions.

9. Line of credit

The Organization obtained a $100,000 line of credit with Chase Bank. Amounts borrowed under this agreement accrue interest at the bank's prime rate, which was 3.25% at December 31, 2020, plus 3.2%. The line of credit automatically renews each year. There was no outstanding balance at December 31, 2020 and 2019.

10. Conditional promise to give

Conditional promises to give consist of promises to:

December 31,	**2020**	2019
Fund general operations	**$ 195,000**	$ 70,000
Fund national programs	**75,000**	20,000
Total	**$ 270,000**	$ 90,000

11. Lease commitments

The Organization entered into a lease commitment for their office space on September 2020. Annual base rent totaled $9,300. The lease will expire on July 31, 2021 and was renewed through January 31, 2022.

Total rent expense was $33,147 and $64,197 for the years ended December 31, 2020 and 2019, respectively.

12. Retirement plan

The Organization maintains a 401(k) plan covering all eligible employees. The discretionary matching contributions made to the plan were $56,380 and $54,596 for the years ended December 31, 2020 and 2019, respectively.

13. Fundraising events

The cost of fundraising events for the year ended December 31, 2019 was $9,839 and is included as a reduction in revenue from special events in the statements of activities and change in net assets.

14. Note payable, bank

On April 6, 2020, the Organization was granted a loan, guaranteed by the United States Small Business Administration ("SBA"), from a Chicago area bank in the amount totaling $274,587 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organization. Under the terms of the PPP, the loan and accrued interest may be forgiven if they are used for qualifying expenses as described in the CARES Act, which include payroll, employee benefits, rent and utilities. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first seven months.

The loan balance, totaling $274,587, was forgiven on December 10, 2020 and is reported as a grant during the year ended December 31, 2020.

15. Subsequent events

Management of the Organization has reviewed and evaluated subsequent events from December 31, 2020, the financial statement date, through July 14, 2021, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by generally accepted accounting principles.