

THE CORNUCOPIA INSTITUTE, INC.

FINANCIAL STATEMENTS

December 31, 2015 and 2014

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Cash Flows	4
Notes to Financial Statements	5



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, 2015 and 2014, and the related statements of activities 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.

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, 2015 and 2014, 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.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
March 15, 2016

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:
2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

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

THE CORNUCOPIA INSTITUTE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
Cash	\$ 1,283,292	\$ 1,131,584
Promises to give	151,360	185,880
Accounts receivable	3,375	1,605
Prepaid expenses	3,313	3,044
Investments	11,366	12,586
Equipment - net	3,639	1,829
Total assets	\$ 1,456,345	\$ 1,336,528
LIABILITIES		
Accounts payable	\$ 16,491	\$ 13,719
Accrued payroll and taxes	57,005	49,488
Total liabilities	73,496	63,207
NET ASSETS		
Unrestricted	1,259,489	1,112,841
Temporarily restricted	123,360	160,480
Total net assets	1,382,849	1,273,321
Total liabilities and net assets	\$ 1,456,345	\$ 1,336,528

See accompanying notes.

THE CORNUCOPIA INSTITUTE, INC.
STATEMENTS OF ACTIVITIES
For years ended December 31, 2015 and 2014

	2015	2014
UNRESTRICTED NET ASSETS		
REVENUE AND OTHER SUPPORT		
Foundation and corporate contributions	320,710	\$ 324,536
Member and private contributions	587,171	492,469
In-kind contributions	22,717	15,157
Investment return	3,487	7,685
Other revenue	6,852	5,556
	<u>940,937</u>	<u>845,403</u>
EXPENSES		
Personnel	536,447	501,023
Contract and labor management	35,250	30,194
Travel and entertainment	30,533	25,821
Information technology	23,617	16,158
Program supplies and publications	6,211	6,126
Printing and mailing house	59,532	43,832
Postage and delivery	37,936	31,762
Rent	11,500	11,125
Telephone and internet	11,850	10,279
Insurance	3,531	3,163
Professional fees	37,609	34,394
Supplies	6,720	3,008
Database management	3,723	3,065
Miscellaneous expense	5,418	3,762
Meetings and conferences	7,995	9,473
Licenses, permits and fees	23,212	5,594
Depreciation	760	609
Graphics and video	4,446	3,703
	<u>846,289</u>	<u>743,091</u>
Net assets released from restrictions	<u>52,000</u>	<u>82,000</u>
Change in unrestricted net assets	146,648	184,312
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	14,880	160,480
Net assets released from restrictions	<u>(52,000)</u>	<u>(82,000)</u>
Change in temporarily restricted net assets	<u>(37,120)</u>	<u>78,480</u>
Change in net assets	109,528	262,792
Net assets - beginning of year	<u>1,273,321</u>	<u>1,010,529</u>
Net assets - end of year	<u>\$ 1,382,849</u>	<u>\$ 1,273,321</u>

See accompanying notes.

THE CORNUCOPIA INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
For years ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 109,528	\$ 262,792
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Amortization of discount for Unconditional promises to give	(2,880)	11,520
Depreciation	760	609
Net realized and unrealized gains on investments	2,321	(1,811)
Decrease (increase) in assets		
Promises to give	37,400	(126,740)
Accounts receivable	(1,770)	1,027
Prepaid expenses	(269)	(359)
Increase (decrease) in liabilities		
Accounts payable	2,772	(3,262)
Accrued payroll and taxes	7,517	8,662
Net cash flows from operating activities	155,379	152,438
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(2,570)	-
Proceeds from sale of investments	-	10,449
Purchases of investments and dividends reinvested	(1,101)	-
Net cash flows from investing activities	(3,671)	10,449
Net change in cash	151,708	162,887
Cash - beginning of year	1,131,584	968,697
Cash - end of year	\$ 1,283,292	\$ 1,131,584

See accompanying notes.

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

Basis of Presentation

The Institute is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments. In 2011 the board formally established a Legacy Fund to be used for long-term mission investments and to assure long-term financial security. At December 31, 2015 and 2014 the balance was \$783,000 and \$783,000.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by the Institute in perpetuity.

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

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.

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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

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.

Income Tax Status

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

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Date of Management's Review

Management has evaluated subsequent events through March 15, 2016, the date which the financial statements were available to be issued.

NOTE 2 – CASH

Cash balance consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Checking, money market, and petty cash	596,110	\$ 502,172
Certificates of deposit	<u>687,182</u>	<u>629,412</u>
Cash	<u>\$ 1,283,292</u>	<u>\$ 1,131,584</u>

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Institute maintains its cash balances in four financial institutions located in Wisconsin. The balances are insured by the National Credit Union Administration or by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. At December 31, 2015 and 2014, the Institute's uninsured cash balances totaled \$193 and \$4,266.

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give restricted for use in the appropriate time period at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 80,000	\$ 77,400
Receivable in one to five years	<u>80,000</u>	<u>120,000</u>
Unconditional promises to give	160,000	197,400
Less discount to net present value	<u>8,640</u>	<u>11,520</u>
Unconditional promises to give - net	<u>\$ 151,360</u>	<u>\$ 185,880</u>

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

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 5 – INVESTMENTS

Investments consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Money market fund	\$ 1,118	\$ 2
Stocks	<u>10,248</u>	<u>12,584</u>
Investments	<u><u>\$ 11,366</u></u>	<u><u>\$ 12,586</u></u>

Investment return is summarized as follows for 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 5,808	\$ 5,874
Net realized and unrealized gains	<u>(2,321)</u>	<u>1,811</u>
Investment return	<u><u>\$ 3,487</u></u>	<u><u>\$ 7,685</u></u>

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2015 and 2014 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
2015				
Money market fund	\$ 1,118	\$ 1,118	\$ -	\$ -
Stocks	<u>10,248</u>	<u>10,248</u>	<u>-</u>	<u>-</u>
Investments	<u><u>\$ 11,366</u></u>	<u><u>\$ 11,366</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
2014				
Money market fund	\$ 2	\$ 2	\$ -	\$ -
Stocks	<u>12,584</u>	<u>12,584</u>	<u>-</u>	<u>-</u>
Investments	<u><u>\$ 12,586</u></u>	<u><u>\$ 12,586</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Fair values for the money market fund and stocks are determined by reference to quoted market prices and other relevant information generated by market transactions.

THE CORNUCOPIA INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 7 – EQUIPMENT

Equipment consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 8,045	\$ 5,474
Accumulated depreciation	<u>(4,406)</u>	<u>(3,645)</u>
Equipment - net	<u>\$ 3,639</u>	<u>\$ 1,829</u>

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Expand capacity in California	\$ 12,000	\$ 12,000
Subsequent years' activity	<u>111,360</u>	<u>148,480</u>
Temporarily restricted net assets	<u>\$ 123,360</u>	<u>\$ 160,480</u>

NOTE 9 – FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Program services		
Education	\$ 279,759	\$ 249,546
Research and analysis	279,759	248,357
Monitoring and reporting	62,169	55,754
Management and general	145,176	117,733
Fundraising	<u>79,426</u>	<u>71,701</u>
Total expenses	<u>\$ 846,289</u>	<u>\$ 743,091</u>