



**C O R N U C O P I A**

**I N S T I T U T E**

**FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**

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## 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, 2017 and 2016, 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, 2017 and 2016, 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  
June 13, 2018

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**THE CORNUCOPIA INSTITUTE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Cash	\$ 1,498,153	\$ 1,434,764
Promises to give - net	73,968	92,930
Contributions receivable	99,038	63,377
Prepaid expenses	2,172	3,365
Investments	6,397	11,999
Equipment - net	1,800	3,350
<b>Total assets</b>	<b>\$ 1,681,528</b>	<b>\$ 1,609,785</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 30,568	\$ 40,219
Accrued payroll and taxes	54,233	63,119
<b>Total liabilities</b>	<b>84,801</b>	<b>103,338</b>
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	474,797	410,517
Designated cash reserves in the Legacy Fund	1,048,000	983,000
Temporarily restricted	73,930	112,930
<b>Total net assets</b>	<b>1,596,727</b>	<b>1,506,447</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,681,528</b>	<b>\$ 1,609,785</b>

See accompanying notes.

**THE CORNUCOPIA INSTITUTE, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2017 and 2016

	2017	2016
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUE AND OTHER SUPPORT</b>		
Foundation and corporate contributions	\$ 341,633	\$ 412,777
Member and private contributions	666,382	558,202
In-kind contributions	13,755	36,922
Investment return	15,081	8,898
Other revenue	4,189	4,035
Total unrestricted revenue and other support	1,041,040	1,020,834
<b>EXPENSES AND LOSSES</b>		
Personnel	641,536	573,808
Contract and labor management	29,295	29,440
Travel and entertainment	22,612	20,486
Information technology	34,978	30,687
Program supplies and publications	3,200	4,635
Printing and mailing house	53,453	47,898
Postage and delivery	29,494	29,737
Rent	13,040	11,750
Telephone and internet	19,883	24,365
Insurance	3,866	3,832
Professional fees	41,800	46,233
Supplies	998	25,433
Database management	7,977	5,894
Miscellaneous expense	10,519	3,061
Meetings and conferences	10,893	9,670
Licenses, permits and fees	20,941	24,710
Depreciation	1,550	1,369
Graphics and video	4,725	5,798
Total expenses	950,760	898,806
Write off uncollectible promise to give	-	36,000
Total expenses and losses	950,760	934,806
Net assets released from restrictions	39,000	48,000
<b>Change in unrestricted net assets</b>	129,280	134,028
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	-	37,570
Net assets released from restrictions	(39,000)	(48,000)
<b>Change in temporarily restricted net assets</b>	(39,000)	(10,430)
Change in net assets	90,280	123,598
Net assets - beginning of year	1,506,447	1,382,849
<b>Net assets - end of year</b>	<b>\$ 1,596,727</b>	<b>\$ 1,506,447</b>

See accompanying notes.

**THE CORNUCOPIA INSTITUTE, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 90,280	\$ 123,598
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Write off uncollectible promises to give	-	36,000
Amortization of discount for Unconditional promises to give	(1,070)	(7,570)
Depreciation	1,550	1,369
Net realized and unrealized (gains) losses on investments	(2,049)	(1,666)
Decrease (increase) in assets		
Promises to give	20,032	30,000
Accounts receivable	(35,661)	(62,905)
Prepaid expenses	1,193	(52)
Increase (decrease) in liabilities		
Accounts payable	(9,651)	23,728
Accrued payroll and taxes	(8,886)	6,114
<b>Net cash flows from operating activities</b>	<b>55,738</b>	<b>148,616</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	-	(1,080)
Proceeds from sale of investments	7,651	1,137
Purchases of investments and dividends reinvested	-	(104)
<b>Net cash flows from investing activities</b>	<b>7,651</b>	<b>(47)</b>
Net change in cash	63,389	148,569
Cash - beginning of year	1,434,764	1,286,195
<b>Cash - end of year</b>	<b>\$ 1,498,153</b>	<b>\$ 1,434,764</b>

See accompanying notes.

**THE CORNUCOPIA INSTITUTE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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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, 2017 and 2016 the balance was \$1,048,000 and \$983,000.

*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, 2017 and 2016

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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.

**Date of Management's Review**

Management has evaluated subsequent events through June 13, 2018, the date which the financial statements were available to be issued.



**THE CORNUCOPIA INSTITUTE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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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.

NOTE 2 – CASH

Cash balance at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Checking and money market	\$ 528,553	\$ 634,125
Certificates of deposit	<u>969,600</u>	<u>800,639</u>
Cash	<u>\$ 1,498,153</u>	<u>\$ 1,434,764</u>

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 55,038	\$ 50,000
Receivable in one to five years	<u>20,000</u>	<u>44,000</u>
Unconditional promises to give	75,038	94,000
Less discount to net present value	<u>1,070</u>	<u>1,070</u>
Unconditional promises to give - net	<u>\$ 73,968</u>	<u>\$ 92,930</u>

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

NOTE 4 – INVESTMENTS

Investments at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Money market fund	\$ 656	\$ -
Stocks	<u>5,741</u>	<u>11,999</u>
Investments	<u>\$ 6,397</u>	<u>\$ 11,999</u>

**THE CORNUCOPIA INSTITUTE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

NOTE 4 – INVESTMENTS (continued)

Investment return for 2017 and 2016 is summarized as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 13,032	\$ 7,232
Net realized and unrealized gains (losses)	<u>2,049</u>	<u>1,666</u>
Investment return	<u>\$ 15,081</u>	<u>\$ 8,898</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2017 and 2016 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>
Money market fund	\$ 656	\$ 656	\$ -	\$ -
Stocks	<u>5,741</u>	<u>5,741</u>	<u>-</u>	<u>-</u>
Investments - 2017	<u>\$ 6,397</u>	<u>\$ 6,397</u>	<u>\$ -</u>	<u>\$ -</u>
Money market fund	\$ -	\$ -	\$ -	\$ -
Stocks	<u>11,999</u>	<u>11,999</u>	<u>-</u>	<u>-</u>
Investments - 2016	<u>\$ 11,999</u>	<u>\$ 11,999</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.

NOTE 6 – EQUIPMENT

Equipment at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 5,977	\$ 5,977
Accumulated depreciation	<u>(4,177)</u>	<u>(2,627)</u>
Equipment - net	<u>\$ 1,800</u>	<u>\$ 3,350</u>

**THE CORNUCOPIA INSTITUTE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2017 and 2016 were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Expand capacity in California	\$ 15,000	\$ 30,000
Subsequent years' activity	58,930	82,930
	<u>73,930</u>	<u>112,930</u>
Temporarily restricted net assets	<u>\$ 73,930</u>	<u>\$ 112,930</u>

**NOTE 8 – FUNCTIONAL CLASSIFICATION OF EXPENSES**

Expenses by function for 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Program services		
Education	\$ 303,625	\$ 285,622
Research and analysis	303,625	285,622
Monitoring and reporting	67,472	63,471
Management and general	196,388	165,665
Fundraising	79,650	98,426
	<u>950,760</u>	<u>898,806</u>
Total expenses	<u>\$ 950,760</u>	<u>\$ 898,806</u>