

**WE DON'T WASTE, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**

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## JOHN CUTLER & ASSOCIATES

Board of Directors  
We Don't Waste, Inc.  
Denver, Colorado

### Independent Auditors' Report

#### Report on the Financial Statements

We have audited the accompanying financial statements of We Don't Waste, Inc., which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the year 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 the 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 audit. 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 We Don't Waste, Inc. as of December 31, 2021 and 2020, and the changes in net assets, cash flows, and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The appendices have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*John Cutler & Associates, LLC*

April 21, 2022

## WE DON'T WASTE, INC.

## STATEMENT OF FINANCIAL POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 414,877	\$ 468,728
Investments	3,199,322	1,560,231
Contributions Receivable	-	112,500
Prepaid Expenses	9,000	9,000
Total Current Assets	<u>3,623,199</u>	<u>2,150,459</u>
<b>Property and Equipment</b>		
Equipment	167,354	90,881
Leasehold Improvements	89,523	89,523
Vehicles	479,483	414,476
Less: Accumulated Depreciation	<u>(362,463)</u>	<u>(294,456)</u>
Total Property and Equipment, Net	<u>373,897</u>	<u>300,424</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,997,096</u>	<u>\$ 2,450,883</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 6,482	\$ 24,313
PPP Forgivable Loan	<u>-</u>	<u>107,100</u>
Total Current Liabilities	<u>6,482</u>	<u>131,413</u>
<b>NET ASSETS</b>		
Board Restricted Net Assets	600,000	600,000
Without Donor Restrictions	3,303,689	1,606,970
With Donor Restrictions	<u>86,925</u>	<u>112,500</u>
Total Net Assets	<u>3,990,614</u>	<u>2,319,470</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,997,096</u>	<u>\$ 2,450,883</u>

The accompanying notes are an integral part of the financial statements.

## WE DON'T WASTE, INC.

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Grants and Contributions	\$ 2,891,376	\$ 126,800	\$ 3,018,176
In Kind - Food Contributions	8,895,133	-	8,895,133
In Kind - Non Food Contributions	68,000	-	68,000
Interest Income	37,033	-	37,033
Special Events - Less related expenses	255,157		255,157
Net Assets Released from Restrictions	152,375	(152,375)	-
	<u>12,299,074</u>	<u>(25,575)</u>	<u>12,273,499</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			
<b>EXPENSES</b>			
Program Services	1,069,279	-	1,069,279
In Kind - Food Distribution	8,895,133	-	8,895,133
In Kind - Non Food Distribution	68,000	-	68,000
	<u>10,032,412</u>	<u>-</u>	<u>10,032,412</u>
Total Program Services			
<b>Supporting Services</b>			
General and Administrative	270,597	-	270,597
Fundraising	299,346	-	299,346
	<u>569,943</u>	<u>-</u>	<u>569,943</u>
Total Supporting Services			
<b>TOTAL EXPENSES</b>	<u>10,602,355</u>	<u>-</u>	<u>10,602,355</u>
<b>CHANGE IN NET ASSETS</b>	1,696,719	(25,575)	1,671,144
<b>NET ASSETS, Beginning</b>	<u>2,206,970</u>	<u>112,500</u>	<u>2,319,470</u>
<b>NET ASSETS, Ending</b>	<u><u>\$ 3,903,689</u></u>	<u><u>\$ 86,925</u></u>	<u><u>\$ 3,990,614</u></u>

The accompanying notes are an integral part of the financial statements.

## WE DON'T WASTE, INC.

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Grants and Contributions	\$ 1,899,468	\$ 112,500	\$ 2,011,968
In Kind - Food Contributions	11,451,974	-	11,451,974
In Kind - Non Food Contributions	80,500	-	80,500
Special Events	145,643	-	145,643
Interest Income	12,839	-	12,839
Net Assets Released from Restrictions	220,010	(220,010)	-
	<u>13,810,434</u>	<u>(107,510)</u>	<u>13,702,924</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			
<b>EXPENSES</b>			
Program Services	891,053	-	891,053
In Kind - Food Distribution	11,451,974	-	11,451,974
In Kind - Non Food Distribution	80,500	-	80,500
	<u>12,423,527</u>	<u>-</u>	<u>12,423,527</u>
Total Program Services			
<b>Supporting Services</b>			
General and Administrative	142,164	-	142,164
Fundraising	236,799	-	236,799
	<u>378,963</u>	<u>-</u>	<u>378,963</u>
Total Supporting Services			
<b>TOTAL EXPENSES</b>	<u>12,802,490</u>	<u>-</u>	<u>12,802,490</u>
<b>CHANGE IN NET ASSETS</b>	1,007,944	(107,510)	900,434
<b>NET ASSETS, Beginning</b>	<u>3,903,689</u>	<u>86,925</u>	<u>3,990,614</u>
<b>NET ASSETS, Ending</b>	<u><u>\$ 4,911,633</u></u>	<u><u>\$ (20,585)</u></u>	<u><u>\$ 4,891,048</u></u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,671,144	\$ 900,434
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Decrease in Accounts Receivable	112,500	(72,500)
Increase (Decrease) in Accounts Payable	(17,831)	10,854
Depreciation	68,007	53,547
Forgiveness of Loan	(107,100)	-
<b>Net Cash Provided by Operating Activities</b>	<u>1,726,720</u>	<u>892,335</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property	(141,480)	(195,170)
Purchase of Investments	<u>(1,639,091)</u>	<u>(962,639)</u>
<b>Net Cash Flows from Investing Activities</b>	<u>(1,780,571)</u>	<u>(1,157,809)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Loan	<u>-</u>	<u>107,100</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(53,851)	(158,374)
<b>CASH, Beginning</b>	<u>468,728</u>	<u>627,104</u>
<b>CASH, Ending</b>	<u>\$ 414,877</u>	<u>\$ 468,730</u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services		Support Services		Totals
	Program Expenses	Food Distribution	Management and General	Fundraising	
Board Expense	\$ -	\$ -	\$ 2,043	\$ -	\$ 2,043
Depreciation and Amortization	68,007	-	-	-	68,007
In Kind - Food Distribution	-	8,895,133	-	-	8,895,133
In Kind - Non Food Distribution	-	68,000	-	-	68,000
Insurance	32,396	-	6,457	-	38,853
License and Fees	11,874	-	2,639	791	15,304
Office Expenses	4,783	-	8,062	1,595	14,440
Other Expenses	1,359	-	775	237	2,371
Program Supplies	21,172	-	-	849	22,021
Database Services	4,828	-	-	-	4,828
Professional Services	-	-	121,644	-	121,644
Facilities	143,168	-	7,689	3,077	153,934
Repairs and Maintenance	39,400	-	-	-	39,400
Salaries and Wages	736,063	-	119,068	227,313	1,082,444
Training and Travel	1,220	-	2,220	95	3,535
Fundraising and Development	5,009	-	-	65,389	70,398
	<u>\$ 1,069,279</u>	<u>\$ 8,963,133</u>	<u>\$ 270,597</u>	<u>\$ 299,346</u>	<u>\$ 10,602,355</u>

The accompanying notes are an integral part of the financial statements.

## WE DON'T WASTE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	Program Services		Support Services		Totals
	Program Expenses	Food Distribution	Management and General	Fundraising	
Board Expense	\$ -	\$ -	\$ 2,184	\$ -	\$ 2,184
Depreciation and Amortization	53,547	-	-	-	53,547
Dues and Subscriptions	-	-	-	-	-
In Kind - Food Distribution	-	11,451,974	-	-	11,451,974
In Kind - Non Food Distribution	-	80,500	-	-	80,500
Insurance	32,678	-	6,693	-	39,371
License and Fees	4,240	-	1,270	283	5,793
Office Expenses	5,762	-	11,681	1,921	19,364
Other Expenses	48,341	-	-	-	48,341
Postage and Delivery	-	-	-	-	-
Printing and Reproduction	74	-	149	25	248
Professional Services	389	-	13,441	65	13,895
Facilities	133,373	-	7,658	2,664	143,695
Repairs and Maintenance	44,751	-	-	-	44,751
Salaries and Wages	528,534	-	85,528	174,496	788,558
Training and Travel	131	-	150	26	307
Fundraising and Development	39,233	-	13,410	57,319	109,962
	<u>\$ 891,053</u>	<u>\$ 11,532,474</u>	<u>\$ 142,164</u>	<u>\$ 236,799</u>	<u>\$ 12,802,490</u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – We Don't Waste, Inc. (the "Organization") is a Colorado nonprofit corporation which was incorporated in July 2009. The Organization's mission supports the community and the environment by reclaiming and redistributing quality food to those in need. The Organization does this by resourcing surplus food from venues, events, caterers, restaurants, and other major food distributors and delivers the products to community-based non-profit agencies serving vulnerable populations to increase food security within those populations, while reducing the amount of food destined for landfills.

Basis of Presentation –The financial statements of We Don't Waste, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

Cash and Cash Equivalents – For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions – Contributions received are recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Support that is restricted by the donor is reported as net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the donor restriction is satisfied. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(Continued)

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1      Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
  
- Level 2      Other observable inputs, either directly or indirectly, including:  
                Quoted prices for similar assets/liabilities in active markets;  
                Quoted prices for identical or similar assets in non-active markets;  
                Inputs other than quoted prices that are observable for the asset/liability; and,  
                Inputs that are derived principally from or corroborated by other observable market data.
  
- Level 3      Unobservable inputs that cannot be corroborated by observable market data.

The Organization has investments that are valued using Level 2 inputs.

Revenue Recognition – All revenues are recognized as earned.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the program and supporting services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Board Expense	Time and Effort
Depreciation and Amortization	Square Footage
Dues and Subscriptions	Time and Effort
Events	Time and Effort
Food	Time and Effort
Insurance	Full Time Equivalent
License and Fees	Full Time Equivalent
Office Expenses	Full Time Equivalent
Other Expenses	Time and Effort
Payroll Fees	Full Time Equivalent
Postage and Delivery	Full Time Equivalent
Printing and Reproduction	Full Time Equivalent
Professional Services	Full Time Equivalent
Facilities	Time and Effort
Repairs and Maintenance	Time and Effort
Salaries and Wages	Time and Effort
Training and Travel	Time and Effort
Fundraising and Development	Time and Effort

Income Tax Status – The Organization is incorporated and registered as a Colorado Non-profit corporation. They received their 501(c)(3) designation from the Internal Revenue Service in May of 2011.

Subsequent Events – Potential subsequent events were considered through April 21, 2022.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2021 and 2020

**NOTE 2: IN-KIND DONATIONS**

During the year the Organization received donated food, property and other supplies and services. For the years ended December 31, 2021 and 2020, the amount of in-kind donations totaled \$8,963,132 (\$8,895,133 food value, 20,615,351 food servings) and \$11,451,974 (\$11,451,974 food value, 23,921,758 food servings), respectively. These amounts are recorded as contribution revenue and expense in the financial statements.

A number of volunteers have donated time in connection with Organization's activities. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition under SFAS No. 116.

**NOTE 3: AVAILABILITY AND LIQUIDITY**

As of December 31, 2021, the Organization has a working capital of \$3,616,717 and average days (based on normal expenditures) cash on hand of 1,085.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and Investments	\$ 3,614,199	\$ 2,058,959
Accounts Receivable, Net	<u>-</u>	<u>112,500</u>
Total Financial Assets	<u>3,614,199</u>	<u>2,141,459</u>
Less amounts not available to be used within a year:		
Net Assets with donor restrictions	86,925	112,500
Board designated reserves	600,000	600,000
Less net assets with purpose restrictions to be met in than a year	<u>(86,925)</u>	<u>(112,500)</u>
Financial Assets available to meet general expenditures over the next twelve months	<u><b>\$ 3,614,199</b></u>	<u><b>\$ 1,541,459</b></u>

The Board has restricted funds in the amount of \$600,000 for operating expenses that approximate 5 months of operating costs.

As part of the Organization's liquidity management plan, cash in excess of daily requirements are invested in money market funds.

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$409,806). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2021 and 2020

**NOTE 4: FORGIVABLE LOAN - PPP**

On April 29, 2020, the Organization received a loan in the amount of \$107,100 through the Small Business Administration's Paycheck Protection Program under Division A, Title I of the Coronavirus Aid Relief and Economic Security Act. ("CARES Act").

For the year ended December 31, 2020, this loan is classified as a current liability in the Statement of Financial Position. The full amount of this loan was forgiven on March 23, 2021.

**NOTE 5: NET ASSETS**

Net assets with donor restrictions were as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Passage of Time:		
Unspent Grant Proceeds	\$ <u>86,925</u>	\$ <u>112,500</u>
Total	<b>\$ <u>86,925</u></b>	<b>\$ <u>112,500</u></b>

Net assets without donor restrictions for the years ended December 31, 2021 and 2020 were \$3,903,689 and \$2,206,970, respectively.

Net assets released from net assets with donor restrictions are as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions		
Satisfaction of Purpose	\$ -152,375	\$ 170,010
Passage of Time	<u>-</u>	<u>50,000</u>
Total	<b>\$ <u>152,375</u></b>	<b>\$ <u>220,010</u></b>

**2021 APPENDIX**

## **APPENDIX A - NONPROFIT REPORT**

### History

We Don't Waste, founded in 2009, concluded its 12th year of operation, the first three under the fiscal umbrella of an established 501(c)(3). In 2011, We Don't Waste secured its 501(c)(3) and has operated successfully ever since as its own independent entity.

### Servings of Food and Valuation

By the end of 2021, We Don't Waste had recovered over 20 million servings of food, valued at nearly \$9M, from 136 food donors. We Don't Waste distributed nearly 20.4 million servings of food in 2021, equal to nearly 7 million meals. This food was distributed through We Don't Waste's Mobile Food Markets and to 91 agencies (plus an additional 130 agencies through partner distribution) throughout the Metro Denver area at a cost of \$0.24 per meal. With the recovery of 20.6 million servings, We Don't Waste diverted over 6,000 tons of greenhouse gases (CO<sub>2</sub>e), equal to removing more than 1,200 cars from the road for an entire year.

### Financial Position

The We Don't Waste net position increased by \$1,671,144 for the year ended December 31, 2021. In the view of management, the entity is in a solid financial condition with no long-term debt.

The value of the service of We Don't Waste to community-based agencies allows each agency to provide more nutritious food to their clients as more than 50% of the food recovered and distributed is comprised of fresh fruit, vegetables, lean protein and dairy, while at the same time saving agencies substantial sums of money from their food budgets for use in expanding other programming.