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AUDITED FINANCIAL STATEMENTS

December 31, 2008

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Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER, CPA, CrFA*
WILSON A. LaGRAIZE, JR., CPA, CrFA
ERNEST G. GELPI, CPA, CGFM
CRAIG M. FABACHER, CPA
DOUGLAS W. FINEGAN, CPA, CVA
MARY ANNE GARCIA, CPA
*A Professional Accounting Corporation

WILLIAM B. HAMILTON, CPA
KATHARINE M. LASSITER, CPA
RICHARD J. RUMNEY, CPA

Members
American Institute of CPA's
Society of Louisiana CPA's

INDEPENDENT AUDITORS' REPORT

To the Board Members
marketumbrella.org
New Orleans, Louisiana

We have audited the accompanying statement of financial position of marketumbrella.org (a nonprofit organization) as of December 31, 2008, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the period of inception, April 21, 2008, to December 31, 2008. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of marketumbrella.org as of December 31, 2008, the activities and changes in net assets, the functional expenses and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
November 5, 2009

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STATEMENT OF FINANCIAL POSITION
December 31, 2008

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 430,184
Accounts receivable	2,189
Grants receivable	435,150
Prepaid expenses	3,481
Inventory	<u>19,707</u>

TOTAL CURRENT ASSETS 890,711

PROPERTY AND EQUIPMENT

Computer software, net of accumulated depreciation of \$4,321	10,764
Equipment, net of accumulated depreciation of \$971	7,452
Tenant improvements, net of accumulated depreciation of \$601	<u>18,262</u>
	<u>36,478</u>
	<u>\$ 927,189</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 48,210
Tokens payable	<u>19,213</u>

TOTAL CURRENT LIABILITIES 67,423

NET ASSETS

Unrestricted net assets	105,483
Temporarily restricted net assets	<u>754,283</u>

TOTAL NET ASSETS 859,766

\$ 927,189

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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the period from inception April 21, 2008 through December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Direct public support donations	\$ 13,646	\$ -	\$ 13,646
Donated services and use of facilities	14,860	-	14,860
Rental income	23,913	-	23,913
Merchandise and liquid sales	3,846	-	3,846
Grant income	43,614	1,228,691	1,272,305
Net assets released from restrictions-satisfaction of restrictions	<u>474,408</u>	<u>(474,408)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	574,287	754,283	1,328,570
EXPENSES			
Program services	405,046	-	405,046
Management and general	171,575	-	171,575
Fundraising	<u>4,874</u>	<u>-</u>	<u>4,874</u>
TOTAL EXPENSES	<u>581,495</u>	<u>-</u>	<u>581,495</u>
CHANGE IN NET ASSETS	(7,208)	754,283	747,075
NET ASSETS, beginning of period	<u>112,691</u>	<u>-</u>	<u>112,691</u>
NET ASSETS, end of period	<u>\$ 105,483</u>	<u>\$ 754,283</u>	<u>\$ 859,766</u>

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STATEMENT OF FUNCTIONAL EXPENSES

For the period from inception April 21, 2008 through December 31, 2008

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Depreciation expense	\$ 771	\$ 5,122	\$ -	\$ 5,893
Consultants & professional fees	96,742	39,681	535	136,958
Indirect grant costs	104,049	-	-	104,049
Insurance	12,277	9,606	-	21,883
Meeting expenses	5,573	2,259	-	7,832
Bank charges	692	2,412	-	3,104
Market supplies & merchandise	924	14,642	-	15,566
Memberships & subscriptions	25	36	-	61
Office supplies	6,181	2,814	-	8,995
Postage	490	22	-	512
Printing	5,255	5,195	-	10,450
Office rent	7,840	3,360	-	11,200
Telecommunications	4,976	6,845	-	11,821
Direct grant costs	2,167	-	-	2,167
Marketing	13,669	6,050	4,339	24,058
Salaries & benefits	114,469	65,554	-	180,023
Travel expenses	28,946	7,277	-	36,223
Workshop	-	700	-	700
	<u>\$ 405,046</u>	<u>\$ 171,575</u>	<u>\$ 4,874</u>	<u>\$ 581,495</u>

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STATEMENT OF CASH FLOWS

For the period from inception April 21, 2008 through December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 747,075
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities	
Depreciation	5,893
(Increase) decrease in operating assets	
Accounts receivable	(2,189)
Grants receivable	(313,194)
Prepaid expenses	(3,481)
Inventory	(5,111)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	48,210
Tokens payable	<u>(17,049)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	460,154
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(29,970)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	430,184
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 430,184</u>

SUPPLEMENTAL DISCLOSURE

Noncash operating and financing activities in 2008 consisted of assets carried over as part of the spinoff from Loyola University's Twomey Center for Peace Through Justice totaling \$112,691. See Note 1 - Nature of Organization and Note 10 - Net Assets, Beginning of Period.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements of marketumbrella.org (the Organization). The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles.

Nature of Organization

marketumbrella.org ("MUO") began as a program of Loyola University's Twomey Center for Peace Through Justice. MUO spun off and was incorporated on April 21, 2008. By learning, sharing and growing, MUO cultivates community markets that utilize local resources to bolster authentic local traditions. MUO believes that ambitious social, health, environmental and financial goals are achieved if trust and respect are present. MUO's programs involve assisting other markets to measure their own economic impact using their own developed tools, hosting workshops in developing funding strategies and best practices, and launching and conducting a number of programs that target specific agriculturally based enterprises. MUO serves as both research and practitioner by testing theories about public markets via the operation of its longest running program, the Crescent City Farmer's Market (the CCFM). The Organization's support comes primarily from private foundation grants.

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2008

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Public Support and Revenues

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor-imposed stipulations that limit the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Contributions of donated noncash assets are recorded at their estimated fair value at the date of donation.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an original maturity of three months or less when purchased and restricted cash as discussed in Note 9 to be cash equivalents.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of 2-15 years for property and equipment. Depreciation expense for the year ended December 31, 2008 was \$5,893.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2008

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Inventory

Inventory is stated at the lower of cost or fair value at date of donation. The Organization's inventory consists primarily of market merchandise offered for sale at the Crescent City Farmer's Market.

CCFM vendor inventory is not included in the Organization's financial statements. In addition, the Organization began working on a cookbook. The initial cost of this cookbook, which was in development at December 31, 2008, is included in this account and totals approximately \$6,500.

Advertising Costs

Advertising costs are expensed as incurred. The Organization recognized \$4,339 of such costs during the year ended December 31, 2008.

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The members of the Board of Directors serve without compensation. Volunteers also assist in running the Crescent City Farmer's Market throughout the year. The Organization has amounts reflected in the financial statements for donated services totaling \$3,660 for legal services related to obtaining the Organization's exemption under Internal Revenue Code 501(c)(3) and \$11,200 regarding rental of administrative office space. Other donated services received are not recorded if they are insignificant or they do not meet the criteria for recognition under SFAS No. 116.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Louisiana Revenue and Taxation Code Section 17.22(a). Therefore, no provision for income taxes has been included in these financial statements.

The Organization has elected to defer the provisions of FIN 48, *Accounting for Income Taxes*, under the provisions of FSP FIN 48-3. The Organization uses a FAS 5, *Loss Contingencies*, approach for evaluating uncertain tax positions. The Organization is not aware of any uncertain tax provisions that may result in liabilities related to income taxes.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2008

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Tokens Payable

The Organization facilitates sales for vendors at the CCFM by accepting credit card payments from customers in exchange for tokens. These tokens are used by customers for purchases. Vendors then use these tokens to pay booth rent to the Organization or to redeem them for cash. The balance of \$19,213 at December 31, 2008 represents the estimated value of unredeemed tokens at that date.

Fair Value of Financial Instruments

Fair value estimates, methods and assumptions for the Organization's financial instruments of cash and cash equivalents, accounts receivable, grants receivable, accounts payable and accrued expenses and tokens payable are that the carrying amounts reported approximate fair value at December 31, 2008.

Functional Expense Reporting

The cost of providing program and supporting services has been summarized by function. Certain expenses have been allocated among the program and support services based on management's estimates of the costs.

NOTE 2 - OFF-BALANCE SHEET RISK

At December 31, 2008, the Organization had a bank balance of \$458,199 of which \$458,199 was covered by federal depository insurance and \$0 was uninsured and uncollateralized.

NOTE 3 - GRANTS RECEIVABLE

Grants receivable at December 31, 2008 were all receivable in less than one year.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2008, temporarily restricted net assets are available for the following purposes:

	<u>2008</u>
Mobile market	\$ 38,231
Marketing of seafood	169,016
Assisting public markets	69,073
Transition	24,671
Share Our Strength	6,521
Rural community transformation	129,763
Program services	<u>317,008</u>
	<u>\$ 754,283</u>

The Organization has no permanently restricted net assets as of December 31, 2008.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2008

NOTE 5 - ENDOWMENT CONTRIBUTIONS AND INVESTMENTS

The Organization has received an unconditional, unrestricted, multiple year pledge in perpetuity of only the income from various bequests to the Greater New Orleans Foundation. The fair value of this income cannot be reasonably estimated as it is under the control of the Greater New Orleans Foundation, which is an unrelated non-profit organization. As such, this pledge is not included in the financial statements until received. Money is distributed to the Organization at the discretion of the Greater New Orleans Foundation. There was no money received from the endowments during the period April 21, 2008 through December 31, 2008.

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution salary deferral plan covering substantially all employees. Under the plan, the Organization determines annually whether they will make a matching contribution. No matching contribution was made for 2008. For 2009, the Organization will match dollar for dollar up to 3 percent of Qualifying Contributing Participants' Elective Deferrals; the match will be funded at the end of the calendar year.

NOTE 7 - CONCENTRATIONS

During the period ended December 31, 2008, the Organization derived a substantial portion of its grant income from three major grantors which accounted for 78 percent of grant income. Income from these grantors totaled \$1,004,373 for the period ended December 31, 2008.

As of December 31, 2008, two major grantors have receivable balances totaling \$401,400, representing 92 percent of the total grants receivable balance.

NOTE 8 - RENTAL OF FACILITIES

In May of 2008, the Organization received a contribution of leasehold rights for 1,400 square feet of office space on a month-to-month basis. The Organization had the space appraised at approximately \$1,400 per month, and has accordingly recognized rent expense of \$11,200 for the period ended December 31, 2008.

The Organization received the rights to use two parking lots in the City of New Orleans for their Crescent City Farmer's Market. The locations have little to no other uses besides not-for-profit activities. The Organization has deemed the value of the usage of these lots insignificant and has recognized no rent expense related to them for the period ended December 31, 2008.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2008

NOTE 9 - RESTRICTED CASH

At December 31, 2008, the Organization had \$352,883 in short-term restricted cash. These amounts represent grant monies received to be used for donors' specified purposes. \$220,524 of this cash is required to be maintained in separate bank accounts.

NOTE 10 - NET ASSETS, BEGINNING OF PERIOD

Assets and liabilities carried over as part of the spin-off from Loyola University's Twomey Center for Peace Through Justice are as follows:

Property and equipment	\$ 12,401
Grants receivable	121,956
Inventory	14,596
Tokens payable	<u>(36,262)</u>
	<u>\$ 112,691</u>

NOTE 11 - SUBSEQUENT EVENT/RELATED PARTY TRANSACTION

In January 2009, the Organization entered into a "Writer's Contract for Cookbook" with one of their Board members. The contract mandates payment of \$1,000 upon completion and delivery of the cookbook, as well as pay royalties of 15% on "net wholesale/distributor sales" and 7.5% on "net retail sales." No cookbooks were sold in 2008.