

# 2019 ANNUAL REPORT



**FOOD &  
WATER  
ACTION** 

**FOOD &  
WATER  
WATCH** 

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ACTION** 

**FOOD &  
WATER WATCH** 

## **MISSION**

Our food, water and climate are under constant assault by corporations that put profit over the survival of humanity. They have seized control of the very institutions that were built to protect us. We mobilize people to reclaim their political power, hold our elected officials accountable, and resist corporate control — ensuring we all have the essential resources we need to thrive. This is a fight we must win, because this planet is the only one we get.

### **National Office**

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[foodandwaterwatch.org](http://foodandwaterwatch.org)

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## Leading the Charge Against Fossil Fuels

In October of 2019, New Jersey Governor Phil Murphy listened to our demands and publicly opposed a power plant that, had it been approved, would have been the largest source of climate pollution in New Jersey. Thanks to our supporters, Food & Water Watch was able to lead the coalition that created the public pressure for the governor's opposition to the Meadowlands Power Plant.

Since this major victory, Food & Water Watch has led the transition of coalition resources into ramping up the opposition to another proposed fossil fuel project. New Jersey Transit proposed a fracked gas power plant in the Kearny Meadowlands that would be funded by a Super Storm Sandy Disaster Relief Grant. If built, this fracked gas power plant would run 24/7 in an area that already suffers from failing levels of smog pollution (ground-level ozone). Our coalition is working with a solar engineer and trained experts to create a renewable energy alternative to the proposed NJ Transit Power Plant. Together, we met with the NJ Transit engineers, project coordinators and consultants

to gain access to their technical information and state our demands for a renewable alternative to the fracked gas power plant.

We know we can't rest after our victory in the Meadowlands, so after Governor Murphy's announcement, we held a rally outside of NJ Transit headquarters. Despite an untimely nor'easter storm, we mobilized dozens of activists to protest outside the NJ Transit board meeting. We addressed the board and delivered a letter from 52 organizations about the environmental and health impacts of building and running the power plant.

We are confident that we will prevail in this campaign and others in our efforts to prevent more fossil fuel infrastructure from being built.

## No More Fracking Waste!

Following a years-long campaign, we passed a statewide ban on fracking waste in Connecticut. The Connecticut House and Senate both passed the bill by overwhelming margins, and Governor Ned Lamont signed the bill into law. This is a landmark victory for the huge grassroots movement we've built in the state over the last several years.



PHOTO BY ERIK MCGREGOR

Food & Water Watch has helped move a grassroots campaign to pass local bans over the past several years, with almost 60 cities and towns passing comprehensive bans on these toxic, radioactive extraction wastes. Those bans were significant in their own right, but they also allowed us to build the political strength — town by town — necessary to ultimately win this statewide victory.

The bill has comprehensive definitions for drilling and extraction waste from both oil and gas wells, and closes loopholes in the previous moratorium (which covered only hydraulic fracturing waste from gas wells). This law creates a permanent ban, except for a small amount of waste allowed solely for research purposes. It is modeled after laws passed in seven New York county legislatures and passed by 56 cities and towns across Connecticut over the past three and a half years. It also bans things like liquids that drain out of landfills that have become highly radioactive after receiving wastes from oil and gas wells.

## Keeping Water in Public Hands: How We Do It

Water corporations try to profit off of managing local systems that provide our drinking water and sewer services. Wall Street investors are working with these companies to take advantage of cash-strapped local governments and entice them into selling or leasing off their water assets. Food & Water Watch opposes the commodification and privatization of water in all forms, and our supporters enable us to step in and help communities that are facing the prospect of having their water and sewer systems privatized.



Thanks to the support of our members, we won a historic victory in the fight for public water in Edison, New Jersey when we passed (with over 80% of the vote!) a measure to bring the township’s sewer and drinking water systems under permanent public control. Early in 2019, a handful of politicians in Edison, New Jersey’s fifth largest township, attempted to privatize their publicly-owned sewer utility and transfer privatization of its drinking water utility through a 40-year lease to Suez and KKR. Immediately, Food & Water Watch began working with residents to halt Edison’s politicians from voting to privatize and instead enact a comprehensive plan to protect the systems for the long-term. We devised a way to give voters a chance to ban water privatization at a special election. Throughout August, we helped lead a voter contact campaign that included dozens of phone-banking and door-knocking events, urging residents to vote “yes” to keep public



control of the sewer utility and re-municipalize the privatized water utility. The multinational private water corporation Suez spent nearly \$120,000 to oppose us and the ballot initiative.

The referendum passed by a truly stunning margin of 84% to 16%. This huge victory makes Edison, New Jersey only the third town in the country to ban water privatization, and the first town to re-municipalize its water system by means of public referendum.

Supporters made possible our win in Edison as well as these other key victories across the country in the fight against privatization in 2019:

**Pleasantville, NJ:** We defeated a privatization attempt by New Jersey American Water to purchase the town of Pleasantville's sewer system. Pleasantville, a small town near Atlantic City, has a high proportion of low-income and minority residents, many of whom are already struggling with high property taxes. We worked with a local ally organization to present Food & Water Watch research to members of the town council on the dangers of privatization, and turned out residents to oppose the measure at a council meeting. On August 5, more than 40 residents attended a town meeting to speak out against privatization. The Pleasantville council voted against moving forward with the sale.

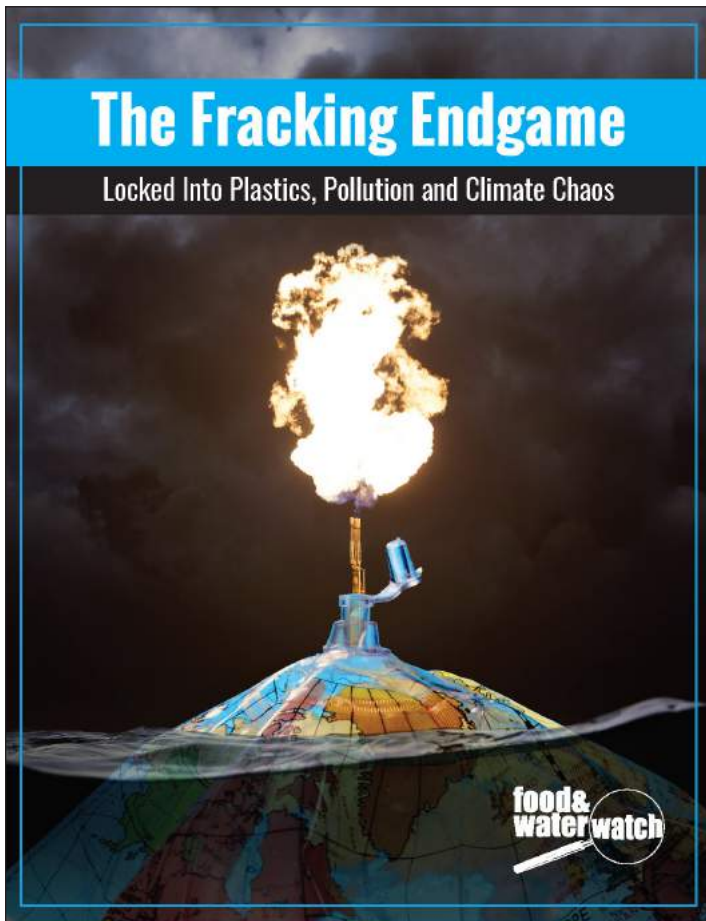
**Harrisburg, PA:** We supported a local group to successfully defeat the privatization of Capital Region Water, the water utility serving the city of Harrisburg. We submitted public information act requests to the city, analyzed the findings, shared research and materials, and coordinated calls with national allies and a local group that reached out to us for

support. We also met with the local labor union AFSCME and provided research and background about privatization. In December 2019, the mayor announced he was pausing the privatization process.

**Jacksonville, FL:** We supported a local group that successfully defeated the privatization of JEA, the water and power provider in Jacksonville. We submitted public information act requests to the city, analyzed the findings, shared research and materials, and coordinated calls with national allies and a local group that reached out to us for support. At the end of the year, the JEA board canceled the privatization process.

**Chicago, IL:** We helped win a major victory for the human right to water when Mayor Lori Lightfoot announced a water shutoff moratorium. For years, we have highlighted the growing water affordability problem in Chicago. FWW met with Mayor Lightfoot's team about this issue. Soon afterward, Mayor Lightfoot announced that the city would halt water shutoffs, and she included a water affordability program in her first 100 days plan.

**Providence, RI:** FWW helped defeat the privatization of Providence's well-run water system. The Rhode Island state legislature was considering legislation to enable the privatization of the Providence Water Supply Board. The city had solicited bids and received responses from water companies like Veolia, Suez and Aquarion. Food & Water Watch provided research, talking points, communications training, signs, stickers and other support to the Land and Water Sovereignty Campaign. After these efforts there was a clear increase in public opposition and the mayor pulled his support of the plan to privatize the system.



## The Fracking Endgame

We released “The Fracking Endgame” report this year, which comprehensively charts natural gas infrastructure buildout by surveying the power, petrochemical, and gas export industries collectively. Overall, the report accounts for more than 700 fracked gas infrastructure projects that have been recently built or proposed for development — including gas-fired power plants, petrochemical/plastics facilities, and liquid natural gas (LNG) export terminals. This important report demonstrates that there exists an industry blueprint for continuing fossil fuel dominance far into the future — a blueprint for climate chaos unless we stop them!

Currently, the basic economic problem for the fracking industry is that overproduction

has created a gas glut that greatly outpaces domestic demand. By building infrastructure that relies on natural gas, frackers can keep drilling and cement us into a fossil-fueled future.

But across the country activists and organizations like Food & Water Watch are becoming more successful at shutting down dirty infrastructure projects and getting fracking banned. With the climate change report released in 2018 from the United Nations, it’s clear that cutting out the biggest contributors to carbon emissions is necessary to stave off the worst effects of climate change.

We also know that the buildout of these proposed and planned facilities will have an effective lifespan far longer than the point when experts agree the world must shed all fossil fuels, meaning that these will be stranded assets and wasted economic investments. Instead of doubling down on these facilities, it would make more sense to invest in clean, renewable energy.

That means frackers have to act fast and in a big way to cement their investment — they want to make sure they have their claws in us for as long as they can. Passing legislation to ban fracking becomes even more difficult when politicians and systems have signed off on new facilities and infrastructure that required billions of dollars in investment.

Power plants and facilities that convert natural gas into petrochemicals emit massive amounts of air and climate pollutants. Natural gas-fired power plants are major emitters of nitrogen oxides and contribute to ground-level ozone and smog. Likewise, petrochemical facilities release numerous pollutants and flaring leads to ozone formation.

Prolonged contact with ground-level ozone from these facilities is linked to asthma and



chronic obstructive pulmonary disease, and studies have shown exposure to petrochemical facility pollutants is associated with heightened cancer risks, acute irritative symptoms and respiratory illness — especially for children.

Industrial pollution, including emissions from chemical and plastics facilities as well as power plants, impacts the health of nearby communities that often lack resources to fight back. Often, these plants are disproportionately sited in communities of color and low-income areas, an issue of deep environmental injustice.

## Reforming Our Food System

In December of 2019, Senator Cory Booker introduced the Farm System Reform Act with the help of Food & Water Watch’s policy team. This bill is a visionary piece of legislation which not only imposes a moratorium on large factory

farms but would also, through a series of market reforms and incentives, make it possible to build a better regionalized food system and transition current factory farms into more sustainable operations or other forms of agriculture.

Two short years ago, Food & Water Watch was the first national organization to call for a ban on factory farms. Now we have the federal legislation to use as a roadmap in pushing for what we want, which is to overhaul our food system — beginning with factory farms. The COVID-19 pandemic has only further exposed the vulnerability of our food system, and building power to move this legislation is now more critical than ever.

The Farm System Reform Act gives us an incredible opportunity to build toward a future without factory farms, and the coronavirus pandemic has made it even more urgent.



# Audited Financials 2019

## Food & Water Watch

### REVENUE

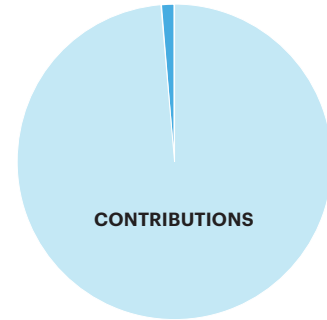
Contributions	\$17,764,798
Investments and Other Revenue	\$205,459
<b>TOTAL REVENUE</b>	<b>\$17,970,062</b>

### EXPENSES

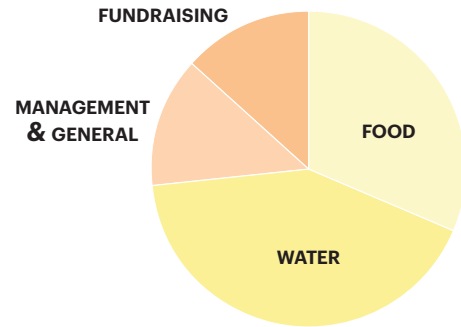
<b>Programs</b>	
Food	\$5,674,985
Water	\$7,525,884
<b>Subtotal Program</b>	<b>\$13,200,869</b>
<b>Support</b>	
Management & General	\$2,395,443
Fundraising	\$2,344,097
<b>Subtotal Support</b>	<b>\$4,739,540</b>
<b>TOTAL EXPENSES</b>	<b>\$17,940,409</b>

### REVENUE

#### INVESTMENTS AND OTHER REVENUE



### EXPENSES



**Ending Net Assets: \$7,476,446**

## Food & Water Action

### REVENUE

Contributions	\$1,258,604
Other Income	\$195
<b>TOTAL REVENUE</b>	<b>\$1,258,799</b>

### EXPENSES

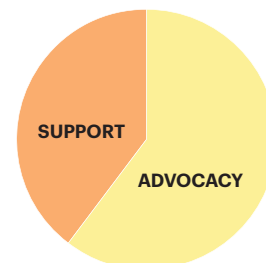
<b>ADVOCACY</b>	<b>\$1,040,757</b>
<b>SUPPORT</b>	<b>\$678,784</b>
<b>TOTAL EXPENSES</b>	<b>\$1,719,541</b>

### REVENUE

#### OTHER INCOME



### EXPENSES





## Board of Directors

Food & Water Watch's Board of Directors include leaders in activism with a focus on social justice and sustainability. From financial oversight, to launching Food & Water Action, to speaking in the community on our campaigns, our board members are helping steer our movement forward.

### Food & Water Watch Board

Maude Barlow

BOARD CHAIR

Wenonah Hauter

EXECUTIVE DIRECTOR

Rudolf Amenga Etego

Elizabeth Peredo Beltrán

Mary Ricci

Lisa Schubert

Robert Howarth

### Food & Water Action Board

Maude Barlow

BOARD CHAIR

Wenonah Hauter

EXECUTIVE DIRECTOR

Dennis Keaney

Adolph Reed, Jr.

Craig Merrilees

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**FOOD AND WATER WATCH**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**



**FOOD AND WATER WATCH**

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DECEMBER 31, 2019**

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## Independent Auditors' Report

To the Board of Directors  
Food and Water Watch  
Washington, D.C.

We have audited the accompanying financial statements of Food and Water Watch (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows 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 financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 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 auditors' 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 auditors consider 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 Food and Water Watch, as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matter - Consolidated Financial Statements*

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statements of financial position of Food and Water Watch and

To the Board of Directors  
Food and Water Watch

*Other Matter - Consolidated Financial Statements (Continued)*

Food and Water Action Fund as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of Food and Water Watch and Food and Water Action Fund and the financial statements of Food and Water Watch presented herein are not a valid substitute for those consolidated financial statements.

*Councilor, Buchanan + Mitchell, P.C.*

Washington, D.C.  
December 15, 2020

Certified Public Accountants



**FOOD AND WATER WATCH**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

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**Assets**

**Current Assets**

Cash and Cash Equivalents	\$ 2,519,531
Investments	4,702,747
Contributions Receivable, Current	865,586
Accounts Receivable	12,140
Prepaid Expenses	<u>544,834</u>
Total Current Assets	8,644,838

**Property and Equipment, at Cost**

Property and Equipment	3,224,881
Less Accumulated Depreciation	<u>(1,207,360)</u>
Property and Equipment, Net	2,017,521

**Other Assets**

Contributions Receivable, Net of Current Portion	25,000
Due from Related Party	938,973
Security Deposits	<u>183,185</u>
Total Other Assets	<u>1,147,158</u>

<b>Total Assets</b>	<b><u><u>\$ 11,809,517</u></u></b>
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**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable	\$ 508,135
Accrued Payroll and Benefits	1,348,398
Due to Related Party	125,000
Deferred Rent and Lease Incentive, Current Portion	140,879
Funds Held on Behalf of Others	<u>3,951</u>
Total Current Liabilities	2,126,363

**Other Liabilities**

Deferred Rent and Lease Incentive, Net of Current Portion	<u>2,206,708</u>
Total Liabilities	4,333,071

**Net Assets**

Without Donor Restrictions	5,914,467
With Donor Restrictions	<u>1,561,979</u>
Total Net Assets	<u>7,476,446</u>

<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 11,809,517</u></u></b>
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*See accompanying Notes to Financial Statements.*

**FOOD AND WATER WATCH**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 15,179,548	\$ 2,585,250	\$ 17,764,798
Other Revenue	14,564	-	14,564
Investment Income	190,700	-	190,700
Net Assets Released from Restrictions	<u>1,987,781</u>	<u>(1,987,781)</u>	<u>-</u>
Total Support and Revenue	17,372,593	597,469	17,970,062
<b>Expenses</b>			
Program Services			
Food	5,674,985	-	5,674,985
Water	<u>7,525,884</u>	<u>-</u>	<u>7,525,884</u>
Total Program Services	13,200,869	-	13,200,869
Supporting Services			
Management and General	2,395,443	-	2,395,443
Fundraising	<u>2,344,097</u>	<u>-</u>	<u>2,344,097</u>
Total Supporting Services	<u>4,739,540</u>	<u>-</u>	<u>4,739,540</u>
Total Expenses	<u>17,940,409</u>	<u>-</u>	<u>17,940,409</u>
Change in Net Assets	(567,816)	597,469	29,653
Net Assets, Beginning of Year	<u>6,482,283</u>	<u>964,510</u>	<u>7,446,793</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 5,914,467</u></u>	<u><u>\$ 1,561,979</u></u>	<u><u>\$ 7,476,446</u></u>

*See accompanying Notes to Financial Statements.*

## FOOD AND WATER WATCH

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services			Total Expenses
	Food	Water	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Accounting	\$ -	\$ -	\$ -	\$ 66,843	\$ -	\$ 66,843	\$ 66,843
Branding Expenses	-	-	-	210,309	-	210,309	210,309
Caging	-	-	-	-	65,803	65,803	65,803
Contracted Services	218,418	451,557	669,975	62,964	226,687	289,651	959,626
Contributions	78,282	320,673	398,955	2,079	1,000	3,079	402,034
Database	126,954	157,469	284,423	67,255	69,001	136,256	420,679
Depreciation and Amortization	140,412	172,830	313,242	46,851	39,157	86,008	399,250
Dues and Subscriptions	44,413	54,959	99,372	9,433	19,819	29,252	128,624
Equipment and Maintenance	12,351	17,210	29,561	4,079	3,871	7,950	37,511
Graphic Design/Art	1,009	1,127	2,136	83	11,543	11,626	13,762
Insurance	51,493	65,695	117,188	14,094	17,253	31,347	148,535
Legal	-	15,332	15,332	19,021	-	19,021	34,353
List Rental	-	-	-	-	113,352	113,352	113,352
Mailhouse	27,521	33,637	61,158	25,946	38,241	64,187	125,345
Miscellaneous	821	5,031	5,852	19,626	281	19,907	25,759
Occupancy	432,954	615,148	1,048,102	205,035	124,931	329,966	1,378,068
Office Expense	19,094	22,657	41,751	98,931	8,488	107,419	149,170
Organizing Materials	1,332	2,003	3,335	375	24,192	24,567	27,902
Organizational Membership	19,247	342	19,589	51	-	51	19,640
Postage, Shipping, and Delivery	86,074	105,201	191,275	68,859	74,366	143,225	334,500
Printing and Copying	115,299	140,920	256,219	79,191	242,162	321,353	577,572
Promotional Items	26,004	31,338	57,342	1,550	-	1,550	58,892
Recruitment	783	890	1,673	81,910	582	82,492	84,165
Salaries, Benefits, Payroll Taxes	3,782,552	4,664,541	8,447,093	1,151,117	1,123,869	2,274,986	10,722,079
Staff Development	82,265	98,572	180,837	24,352	21,578	45,930	226,767
Technology	194,553	251,298	445,851	50,456	36,756	87,212	533,063
Telephone and Internet	87,828	118,103	205,931	22,889	17,007	39,896	245,827
Travel	125,326	179,351	304,677	62,144	64,158	126,302	430,979
<b>Total Expenses</b>	<b>\$ 5,674,985</b>	<b>\$ 7,525,884</b>	<b>\$ 13,200,869</b>	<b>\$ 2,395,443</b>	<b>\$ 2,344,097</b>	<b>\$ 4,739,540</b>	<b>\$ 17,940,409</b>

See accompanying Notes to Financial Statements.



**FOOD AND WATER WATCH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 29,653
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation and Amortization	399,251
Gain on Equipment Disposal	(10,439)
Realized and Unrealized Gain on Investments	(77,209)
Changes in Assets and Liabilities	
(Increase) in Contributions Receivable	(417,977)
(Increase) in Accounts Receivable	(2,404)
Decrease in Prepaid Expenses	143,484
Decrease in Inventory	22,141
Decrease in Security Deposits	26,663
(Increase) in Due from Related Party	(178,055)
(Decrease) in Accounts Payable	(11,036)
Increase in Accrued Payroll and Benefits	64,534
Increase in Due to Related Party	125,000
(Decrease) in Funds Held on Behalf of Others	(10,512)
Increase in Deferred Rent and Lease Incentive	<u>504,550</u>
Net Cash Provided by Operating Activities	<u>607,644</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Property and Equipment	(39,221)
Sale of Investments	850,000
Purchase of Investments	<u>(1,614,910)</u>
Net Cash Used in Investing Activities	<u>(804,131)</u>
Net Decrease in Cash and Cash Equivalents	(196,487)
Cash and Cash Equivalents, Beginning of Year	<u>2,716,018</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 2,519,531</u></u>

*See accompanying Notes to Financial Statements.*

# FOOD AND WATER WATCH

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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### 1. ORGANIZATION

Food and Water Watch (the Organization) is a not-for-profit corporation that works with grassroots organizations and other allies around the world to stop corporate control of the public's food and water and finds solutions to create an economically and environmentally viable future. The Organization is supported primarily by grants from foundations and contributions from individuals. The Organization's program areas are:

*Food* - The Organization provides public education about health and environmental issues that promote food production that is sustainable and local, chemical free, humanely raised, family farmed, and clearly labeled.

*Water* - The water program educates and advocates about affordable, publicly-controlled drinking water, health and environmental dangers of bottled water, health and environmental dangers of fracking and fossil fuels, the importance of moving from fossil fuels to safe, renewable energy, and the importance of public investment in infrastructure.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Financial Statements Presentation*

The Organization shares common management and a Board of Directors with Food and Water Action Fund, a 501(c)(4) organization. A consolidated financial statement has been prepared that brings together assets, liabilities, net assets, and operating results of these two affiliated entities. These financial statements should be read in conjunction with the consolidated financial statements.

#### *Method of Accounting*

The financial statements have been prepared on the accrual basis of accounting.

#### *Cash and Cash Equivalents*

The Organization considers all short-term investments with original maturities of three months or less to be cash and cash equivalents included in cash.

#### *Investments*

Investments are carried at fair market value based on quotations received from national security exchanges.

#### *Contributions*

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donor assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

FOOD AND WATER WATCH

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Accounts and Contributions Receivables*

Accounts and contributions receivable are recorded at the amount the Organization expects to collect on balances outstanding at the end of the fiscal year. Management closely monitors accounts receivable and charges off any balances that are determined to be uncollectible. As of December 31, 2019, the Organization's allowance for doubtful accounts was \$-0-. The Organization had no bad debt expense for the year ended December 31, 2019.

*Property and Equipment*

Property and equipment are stated at cost. Depreciation is calculated on a straight-line basis over a three year or five year estimated useful life. Leasehold improvements and property under the capital lease are amortized over the terms of the leases. The Organization capitalizes property and equipment purchases of \$1,000 or more.

*Classes of Net Assets*

The Organization is required to report its financial position and activities according to two classes of net assets; net assets without donor-imposed restrictions and net assets with donor-imposed restrictions.

Net assets without donor restrictions are 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 Board of Directors.

Net assets with donor restrictions are 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. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

*Funds Held on Behalf of Others*

Funds held on behalf of others are funds held for an organization that works on food and water rights issues.

*Accounting for Uncertainty in Income Taxes*

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income. No provision for income tax is required for the year ended December 31, 2019, as the Organization had no net unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization's IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by taxing authorities generally for three years after filing.



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Functional Allocation of Expenses*

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated includes salaries, benefits, taxes, occupancy, insurance, depreciation, and office expenses, which are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are allocated accordingly.

**3. ADOPTION OF ACCOUNTING STANDARD**

During the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of the financial information among not-for-profit entities.

This change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions as of January 1, 2019. The impact of adoption was not material to the financial statements.

**4. CONTRIBUTIONS RECEIVABLE**

At December 31, 2019, contributions receivable consisted of the following:

Less than One Year	\$ 865,586
One to Two Years	<u>25,000</u>
Total Contributions Receivable	<u>\$ 890,586</u>

**5. CONCENTRATIONS**

The Organization's demand deposits with financial institutions at times exceeded federally insured limits. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any significant credit risks.

As of December 31, 2019, approximately 56% of contributions receivable consisted of amounts due from two donors.

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**6. LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization's cash flows have seasonal variations due to the timing of contributions, program revenues, and vendor payments. The Organization manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

The following reflects the Organization's financial assets as of December 31, 2019, reduced by amounts not available for general operating expenditure within one year:

*Financial Assets*

Cash and Cash Equivalents	\$ 2,519,531
Investments	4,702,747
Contributions Receivable	865,586
Accounts Receivable	<u>12,140</u>
Total Financial Assets and Liquidity Resources Available within One Year	8,100,004
Less Amounts Unavailable for General Expenditures within One Year Due to Purpose Restrictions by Donor	<u>(1,561,979)</u>
Total Financial Assets and Liquidity Resources Available	<u><u>\$ 6,538,025</u></u>

**7. INVESTMENTS**

Investments at December 31, 2019, consisted of the following:

Money Market Funds	\$ 92,037
Mutual Funds	<u>4,610,710</u>
Total Investments	<u><u>\$ 4,702,747</u></u>

The components of investment income consisted of the following:

Interest and Dividends	\$ 120,682
Unrealized/Realized Gain	77,209
Investment Fees	<u>(7,191)</u>
Net Investment Income	<u><u>\$ 190,700</u></u>

**8. FAIR VALUE MEASUREMENTS**

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. In accordance with FASB ASC 820-10, fair value is defined as the price that the Organization would receive to sell an investment or to pay to transfer a liability in an orderly transaction with an independent counterparty in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The FASB ASC 820-10 hierarchy consists of three broad levels:

**Level 1** - inputs consist of unadjusted quoted prices in active markets for identical assets that the Organization had the access to at the measurement date and have the highest priority,

**Level 2** - inputs consist of observable inputs other than quoted prices for identical assets, and

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**8. FAIR VALUE MEASUREMENTS (CONTINUED)**

*Level 3* - inputs are unobservable inputs for the asset and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Inputs Other than Quoted for Prices for Identical Assets (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 92,037	\$ 92,037	\$ -	\$ -
Mutual Funds	4,610,710	4,610,710	-	-
Total	\$ 4,702,747	\$ 4,702,747	\$ -	\$ -

The Organization invests in professionally managed portfolios that contain money market funds and mutual funds. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in market condition in the near term could materially affect investment balances and the amounts reported in the financial statements.

**9. PROPERTY AND EQUIPMENT**

At December 31, 2019, property and equipment consisted of the following:

Computer Equipment	\$ 1,174,353
Office Equipment	70,019
Leasehold Improvements	1,565,219
Office Furniture	415,290
Total Fixed Assets	3,224,881
Less Accumulated Depreciation	(1,207,360)
Fixed Assets, Net	\$ 2,017,521

**10. RELATED PARTY TRANSACTIONS**

The Organization shares common management and employees with Food and Water Action Fund (the Fund), a 501(c)(4) organization whose purpose is to lobby elected officials on behalf of citizens on issues of safe food and clean water. The Fund is billed by the Organization for its share of personnel costs and office expenses. These costs approximated \$933,929 for the year ended December 31, 2019. At December 31, 2019, the Fund owed the Organization \$938,973 for shared costs.

During 2019, the Organization's Board of Directors approved a \$125,000 contribution to the Fund. The contribution was paid in 2020.

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**11. OPERATING LEASE**

The Organization leases office space under various operating leases that extend through February 2029. Under the lease agreements, the base rents increase annually based on scheduled increases provided in the leases. The Organization received \$1,027,175 in rent abatements and \$1,486,640 in build out allowances. Under accounting principles generally accepted in the United States of America (GAAP) all rental payments are recognized on a straight-line basis over the term of the lease. Lease incentives are amortized over the life of the lease on a straight-line basis as an offset to rent expense. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent and lease incentive in the accompanying statement of financial position.

Future minimum lease payments required under non-cancellable lease agreements at December 31, 2019, are:

For the Years Ending December 31,

2020	\$ 1,255,310
2021	1,276,520
2022	1,229,462
2023	1,079,100
2024	936,666
Thereafter	<u>4,891,662</u>
Total	<u>\$ 10,668,720</u>

Rent expense for the year ended December 31, 2019, was \$1,378,068.

**12. RETIREMENT PLAN**

The Organization has a 403(b) retirement plan which is available to all eligible employees. Employees become eligible to participate in the Plan at the beginning of the calendar year following their one year anniversary. Contributions to the retirement plan are approved annually by the Board of Directors. The retirement plan also allows employees to defer a portion of their salary up to the maximum legal amount. The retirement expense for the year ended December 31, 2019, was \$630,698. This amount is included in accrued payroll and benefits on the accompanying statement of financial position.

**13. ALLOCATION OF JOINT COSTS**

During the year ended December 31, 2019, the Organization conducted activities that included requests for contributions considered as fundraising as well as program contributions and management and general contributions. These activities included direct mail campaigns. The cost of conducting these activities included a total of \$666,907 of joint costs, which are not specifically attributed to a particular component of the activities. These joint costs were allocated as follows:

Program	\$ 383,933
Management and General	166,174
Fundraising	<u>116,800</u>
Total	<u>\$ 666,907</u>



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**14. NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2019, net assets with donor restrictions were available for the following programs:

Water	\$ 1,000,282
Food	<u>561,697</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 1,561,979</u></u>

Net assets with donor restrictions were released from the following restrictions during the year ended December 31, 2019:

Water	\$ 1,520,020
Food	<u>467,761</u>
Total Net Assets Released from Donor Restrictions	<u><u>\$ 1,987,781</u></u>

**15. SUBSEQUENT EVENTS**

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofit organizations around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, the Organization continues to assess how best to adapt to changed circumstances.

Food and Water Watch has received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$2,006,800. PPP provides cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If the Organization maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five-year maturity date, if not forgiven.

The Organization has evaluated all subsequent events through December 15, 2020, which was the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.