

THE BREAD BAKERS GUILD OF AMERICA

FINANCIAL STATEMENTS  
With Independent Accountant's Review Report

December 31, 2019

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# Robert L. Withrow

Certified Public Accountant, MS Taxation

843 Broadway, Sonoma, CA 95476

(707) 996-1101 or (800) 996-1101

(707) 963-0248 (St. Helena)

(707) 938-0668 (Fax)

e-mail: bob@withrowcpa.com

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
The Bread Bakers Guild of America  
Sonoma, California

I have reviewed the accompanying financial statements of THE BREAD BAKERS GUILD OF AMERICA (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Robert L Withrow, CPA

Sonoma, California

July 8, 2020

**THE BREAD BAKERS GUILD OF AMERICA**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2019**

ASSETS

<b>CURRENT ASSETS</b>	
Cash	\$ 363,111
Accounts receivable	12,977
Contributions & pledge commitments receivable	139,819
Inventory	4,730
Prepaid expenses	<u>43,662</u>
<b>Total Current Assets</b>	<b>564,299</b>
<b>FIXED ASSETS - At Cost</b>	
Land	89,675
Building	198,371
Furniture & fixtures	<u>18,334</u>
<b>Total Fixed Assets</b>	<b>306,380</b>
Accumulated depreciation	<u>(15,407)</u>
<b>Net Fixed Assets</b>	<b>290,973</b>
<b>OTHER ASSETS - At Cost</b>	
Security Deposits	<u>0</u>
<b>Net Other Assets</b>	<u>0</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 855,272</u></b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>	
Accounts & credit cards payable	\$ 3,054
Accrued expenses	32,872
Current portion - long-term debt	<u>5,177</u>
<b>Total Current Liabilities</b>	<b>41,103</b>
<b>LONG-TERM DEBT</b>	
Mortgage Payable	139,118
Less: Current Portion	<u>(5,177)</u>
<b>Total Long-Term Debt</b>	<b><u>133,941</u></b>
<b>Total Liabilities</b>	<b>175,044</b>
<b>NET ASSETS</b>	
Unrestricted net assets	518,378
Temporarily restricted net assets	<u>161,850</u>
<b>Total Net Assets</b>	<b><u>680,228</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 855,272</u></b>

See Accompanying Notes and Independent Accountant's Review Report

**THE BREAD BAKERS GUILD OF AMERICA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2019**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE &amp; SUPPORT</b>				
Membership dues	\$ 224,838	0	0	\$ 224,838
Contributions	968	232,302	0	233,270
Program service revenue	103,937	0		103,937
Classified ads	14,132	0	0	14,132
Other revenue & support	2,099	0	0	2,099
Interest income	3,949	0	0	3,949
Net assets released from restrictions	<u>91,798</u>	<u>(91,798)</u>	<u>0</u>	<u>0</u>
Total Revenue & Support	441,721	140,504	0	582,225
 <b>EXPENSES</b>				
Program service expenses	317,995	0	0	317,995
Management & general expenses	142,933	0	0	142,933
Fundraising expenses	<u>14,608</u>	<u>0</u>	<u>0</u>	<u>14,608</u>
Total Expenses	<u>475,536</u>	<u>0</u>	<u>0</u>	<u>475,536</u>
 Change in Net Assets	 (33,815)	 140,504	 0	 106,689
 Net Assets at Beginning of Year	 <u>552,193</u>	 <u>21,346</u>	 <u>0</u>	 <u>573,539</u>
 Net Assets at End of Year	 <u>\$ 518,378</u>	 <u>\$ 161,850</u>	 <u>\$ 0</u>	 <u>\$ 680,228</u>

See Accompanying Notes and Independent Accountant's Review Report

**THE BREAD BAKERS GUILD OF AMERICA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2019**

	PROGRAM	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
<b>PERSONNEL EXPENSES</b>				
Salaries and wages	\$ 106,624	\$ 30,534	8,053	\$ 145,211
Employee costs and benefits	<u>24,050</u>	<u>6,887</u>	<u>1,817</u>	<u>32,754</u>
Total Personnel Expenses	130,674	37,421	9,870	177,965
<b>OPERATING EXPENSES</b>				
Accounting and professional services	0	10,050	0	10,050
Advertising and marketing	0	650	0	650
Bad debts	0	0	1,667	1,667
Bank and credit card charges	1,250	7,330	30	8,610
Board meeting costs	0	2,484	0	2,484
Depreciation	0	7,154	0	7,154
Event sponsorships, scholarships and honorariums	5,500	21,375	0	26,875
Equipment rental	0	472	0	472
Graphic design	25,101	0	1,450	26,551
Ingredients and small wares	7,811	0	0	7,811
Insurance	0	3,877	0	3,877
Interest	0	8,681	0	8,681
IT Support and supplies	925	10,938	0	11,863
Meals and entertainment	10,700	265	0	10,965
Miscellaneous expenses	0	1,442	561	2,003
Office supplies	421	6,342	0	6,763
Postage/Mailing services	8,672	3,194	66	11,932
Printing	25,651	376	964	26,991
Rent, utilities, and facility fees	0	9,884	0	9,884
Repairs and maintenance	0	0	0	0
Taxes and licenses	0	3,736	0	3,736
Telephone/ISP	0	5,906	0	5,906
Travel	<u>101,290</u>	<u>1,356</u>	<u>0</u>	<u>102,646</u>
Total Operating Expenses	<u>187,321</u>	<u>105,512</u>	<u>4,738</u>	<u>297,571</u>
Total Expenses	<u>\$ 317,995</u>	<u>\$ 142,933</u>	<u>\$ 14,608</u>	<u>\$ 475,536</u>

See Accompanying Notes and Independent Accountant's Review Report

**THE BREAD BAKERS GUILD OF AMERICA**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2019**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Change in Net Assets for the Period	\$ 106,689
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	7,154
Decrease in accounts receivable	(11,877)
Decrease in contributions receivable	(139,819)
Decrease in inventory	(2,691)
Decrease in prepaid expenses and other current assets	(17,212)
Decrease in accounts payable	(18,380)
Decrease in accrued liabilities	<u>678</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(75,458)</b>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(1,479)
Purchases-refund of other assets	<u>0</u>
<b>NET CASH (USED BY) INVESTING ACTIVITIES</b>	<b>(1,479)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
New Borrowings:	
Short-term	0
Long-term	0
Debt reduction:	
Short-term	(0)
Long-term	(42,232)
Prior period adjustment to unrestricted net assets	<u>0</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b><u>(42,232)</u></b>
 <b>NET INCREASE IN CASH</b>	<b>(119,169)</b>
 <b>CASH AT BEGINNING OF YEAR</b>	<b><u>482,280</u></b>
 <b>CASH AT END OF YEAR</b>	<b><u>\$ 363,111</u></b>
 <b><u>SUPPLEMENTAL DISCLOSURE:</u></b>	
Interest paid	<u>\$ 8,681</u>
Income taxes paid	<u>\$ 0</u>

See Accompanying Notes and Independent Accountant's Review Report

THE BREAD BAKERS GUILD OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**PURPOSE**

THE BREAD BAKERS GUILD OF AMERICA, a non-profit corporation, is organized under the laws of the Commonwealth of Pennsylvania (and now qualified to operate in California) for the purposes of providing educational opportunities for development of advanced skills and knowledge in artisan baking taught by recognized authorities and experienced teachers from around the world. The Organization's primary sources of revenue are membership dues and fundraising income.

**INCOME TAXES**

The Bread Bakers Guild of America is exempt under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified by the Internal Revenue Service as other than a private foundation under Section 509(a)(2). The Organization is also exempt from state income taxes under provisions of the California Revenue and Taxation code. Accordingly, these financial statements do not contain any provision for Federal or California income taxes. The Organization believes that it has appropriate support for all tax positions taken and does not have any uncertain tax positions that are material to the financial statements. All tax returns, including those of an exempt organization, are subject to audit by the taxing authorities. The years subject to audit include 2016 through 2019 for Federal tax purposes, and 2015 through 2019 for California.

**BASIS OF ACCOUNTING**

The books and records of THE BREAD BAKERS GUILD OF AMERICA are maintained on and these financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized in the period in which earned and expenses are recognized in the period in which they are incurred.

**FINANCIAL STATEMENT PRESENTATION**

Generally accepted accounting principles require that the Organization present information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- Unrestricted Net Assets - Represent net assets that are not subject to donor-imposed stipulations. Contributions with donor-imposed restrictions that are met during the same year as the contribution is received are included in unrestricted support that increases unrestricted net assets.
- Temporarily Restricted Net Assets - Represent net assets subject to donor-imposed stipulations that will be met by action of the Organization and/or the passage of time.
- Permanently Restricted Net Assets - Represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization does not have any permanently restricted net assets.

Donor restrictions expire when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed. Expiration of temporary restrictions on net assets are reported as net assets released from restrictions. Expenses are reported as a decrease in unrestricted net assets.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See Independent Accountant's Review Report

THE BREAD BAKERS GUILD OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**PROPERTY AND EQUIPMENT**

Purchased property and/or equipment is carried at cost. Donations of property and/or equipment are recorded as contributions at their estimated fair market value. It is the policy of the Organization to capitalize property and equipment with a cost of \$1,000 or more and an estimated useful life in excess of one year. For financial and tax reporting purposes, the straight line method of depreciation has been applied to equipment using estimated lives ranging from 5 to 7 years, and to the building using a 40 year life.

**CASH**

The Organization maintains its cash balances in two financial institutions located in California. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, the Organization had no uninsured cash balances. The Organization has no investments that would be considered "cash equivalents", which are investments with maturities of six months or less.

**ACCOUNTS RECEIVABLE**

Accounts receivable are stated at unpaid balances. The Organization uses the direct write-off method to recognize a bad debt expense only when a specific account is determined to be uncollectible. Ordinarily, the direct write-off method is not considered in accordance with generally accepted accounting principles; however, uncollectible amounts are not material in amount. The Organization considers all accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is considered necessary.

**CONTRIBUTIONS**

Contributions including unconditional promises to give are recognized in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the donation. Contributions to be received after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are based on risk-free rates applicable at the time of the donation. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. No allowance for uncollectible contributions receivable has been recorded as management has determined that no allowance was required.

**CONTRIBUTED SERVICES AND IN-KIND DONATIONS**

A substantial number of individuals have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

**ADVERTISING**

The Organization expenses the costs of advertising and marketing as incurred. Total Advertising costs during 2019 totaled \$650 and is reported on the Statement of Functional Expenses.

**COMPENSATED ABSENCES**

Employees of the Organization are entitled to paid vacation and personal time-off (PTO). The Organization's liability for compensated absences was \$15,679 which is included in accrued expenses as of December 31, 2019.



THE BREAD BAKERS GUILD OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FUNCTIONAL EXPENSE ALLOCATION**

Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

**SUBSEQUENT EVENTS**

Management has evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through July 8, 2020, the date on which the financial statements were available to be issued.

**NOTE B - FIXED ASSETS**

Fixed assets at December 31, 2019 consisted of the following:

	<b>ASSETS</b>			<b>ACCUMULATED DEPRECIATION</b>				
	Balance			Balance			Balance	
	12/31/2018	Additions	Disposals	12/31/2019	12/31/2018	Additions	Disposals	12/31/2019
Furniture & Fixtures	\$16,855	\$1,479	\$0	\$18,334	\$7,426	\$2,195	\$0	\$9,621
Building	198,371	0	0	198,371	827	4,959	0	5,786
Land	89,675	0	0	89,675	0	0	0	0
<b>Totals</b>	<b>\$304,901</b>	<b>\$1,479</b>	<b>\$0</b>	<b>\$306,380</b>	<b>\$8,253</b>	<b>\$7,154</b>	<b>\$0</b>	<b>\$15,407</b>

**NOTE C - OPERATING LEASES**

At December 31, 2019, the company was party to one operating lease of office equipment. The total cost of the lease during 2019 was \$472. The lease is paid on a quarterly basis and expires on July 9, 2024. The future minimum lease payments during the remaining term of the lease total \$1,699. The annual total is \$378 per year for the years 2020 through 2023, and \$187 for 2024, the year the lease expires.

**NOTE D- CONTRIBUTIONS RECEIVABLE**

The Organization had pledge contributions receivable at December 31, 2019 of \$139,819. The Organization uses a 3-Year Fundraising cycle that ended on December 31, 2021.

THE BREAD BAKERS GUILD OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE E - TEMPORARILY RESTRICTED NET ASSETS**

The Organizations Temporarily Restricted Net Assets arise from the following:

3-Year fundraising cycle of the Organization: Time restricted contributions to be released from restrictions in the year ended December 31, 2019	\$160,419
Creamer Scholarship Fund	<u>1,431</u>
Total	<u>\$161,850</u>

**NOTE F - LONG-TERM DEBT**

At December 31, 2019 the long term debt consisted of the following:

Note payable in monthly installments of \$1,087.05 including principle and interest. The loan is secured by real property purchased in Petaluma, CA to serve as the organizations headquarters. The loan carries an initial interest rate of 5.75215% which is variable and can be changed every five years.	\$ 139,118
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The current maturities for the next five years is:

For the year ended December 31, 2020	\$ 5,177
For the year ended December 31, 2021	\$ 5,483
For the year ended December 31, 2022	\$ 5,807
For the year ended December 31, 2023	\$ 6,150
For the year ended December 31, 2024	\$ 6,513
December 31, 2025 and later	\$109,988

**NOTE G – PENSION PLAN**

The Company does not maintain any retirement plan for its employees.