

**FARM STEW INTERNATIONAL
TISKILWA, ILLINOIS**

**REPORT OF AUDIT
AS OF
DECEMBER 31, 2019 AND 2018**

**FOOTE and LLOYD
CERTIFIED PUBLIC ACCOUNTANTS
BATTLE CREEK, MICHIGAN**

FARM STEW INTERNATIONAL

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INDEPENDENT AUDITOR'S REPORT

FARM STEW International
Tiskilwa, IL

We have audited the accompanying financial statements of FARM STEW International, which comprise the Statement of Financial Position as of December 31, 2019 and 2018, and the related Statements of Activities, Statements of Functional Expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 FARM STEW International as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Foote and Lloyd
CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan
August 26, 2020

**FARM STEW INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	209,342	71,989
Prepaid Expenses	<u>3,085</u>	<u>-</u>
Total Current Assets	212,427	71,989
TOTAL ASSETS	<u>212,427</u>	<u>71,989</u>
<u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Accounts Payable	<u>5,883</u>	<u>1,172</u>
Total Current Liabilities	5,883	1,172
Total Liabilities	5,883	1,172
NET ASSETS		
Without Donor Restrictions	158,829	42,948
With Donor Restrictions	<u>47,715</u>	<u>27,869</u>
Total Net Assets	<u>206,544</u>	<u>70,817</u>
TOTAL LIABILITIES & NET ASSETS	<u>212,427</u>	<u>71,989</u>

The Notes to Financial Statements are an integral part of these statements.

**FARM STEW INTERNATIONAL
STATEMENT OF ACTIVITIES
DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	2019 Totals
Changes in Unrestricted Net Assets			
Revenues and Gains			
Unrestricted Contributions	322,973		322,973
Restricted Contributions		176,764	176,764
Sales	1,296		1,296
Other Income	600		600
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	<u>156,918</u>	<u>(156,918)</u>	<u>-</u>
Total Revenues, Gains and Other Support	481,787	19,846	501,633
Expenses			
Program Services	287,874	-	287,874
General & Administrative	33,625	-	33,625
Fund Raising	<u>44,407</u>	<u>-</u>	<u>44,407</u>
Total Expenses	<u>365,906</u>	<u>-</u>	<u>365,906</u>
Change in Net Assets	115,881	19,846	135,727
Net Assets at Beginning of Year	<u>42,948</u>	<u>27,869</u>	<u>70,817</u>
Net Assets at End of Year	<u><u>158,829</u></u>	<u><u>47,715</u></u>	<u><u>206,544</u></u>

The Notes to Financial Statements are an integral part of these statements.

**FARM STEW INTERNATIONAL
STATEMENT OF ACTIVITIES
DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	2018 Totals
Changes in Unrestricted Net Assets			
Revenues and Gains			
Unrestricted Contributions	203,451		203,451
Restricted Contributions		53,943	53,943
Sales	390		390
Other Income	13		13
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	<u>26,074</u>	<u>(26,074)</u>	<u>-</u>
Total Revenues, Gains and Other Support	229,928	27,869	257,797
Expenses			
Program Services	151,902	-	151,902
General & Administrative	27,176	-	27,176
Fund Raising	<u>18,659</u>	<u>-</u>	<u>18,659</u>
Total Expenses	<u>197,737</u>	<u>-</u>	<u>197,737</u>
Change in Net Assets	32,191	27,869	60,060
Net Assets at Beginning of Year	<u>10,757</u>	<u>-</u>	<u>10,757</u>
Net Assets at End of Year	<u><u>42,948</u></u>	<u><u>27,869</u></u>	<u><u>70,817</u></u>

The Notes to Financial Statements are an integral part of these statements.

**FARM STEW INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018**

	Program Services	General & Admin	Fund Raising	2019	2018
Grants	206,707			206,707	116,899
Salaries & Wages	21,573	14,955	13,830	50,358	33,400
Payroll Taxes	860	1,929	901	3,690	2,555
Retirement		1,438		1,438	
Other Benefits		427		427	
Conferences & Meetings	729	1,250	2,323	4,302	5,245
Bank Charges	525	16	4,146	4,687	1,881
TOT Curriculum Development	29,636			29,636	
Office & Supplies	4,548	7,504	10,357	22,409	12,520
Promotional & Fund Raising	1,474		11,045	12,519	1,000
Information Technology	652	2,090	1,182	3,924	3,175
Travel	15,610	2,744	602	18,956	14,757
Other	<u>5,560</u>	<u>1,272</u>	<u>21</u>	<u>6,853</u>	<u>6,305</u>
 Totals - 2019	 287,874	 33,625	 44,407	 365,906	
 - 2018	 151,902	 27,176	 18,659		 197,737

The Notes to Financial Statements are an integral part of these statements.

**FARM STEW INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2018**

	Program Services	General & Admin	Fund Raising	<u>Totals</u> 2018
Grants	116,899			116,899
Salaries & Wages	9,000	16,050	8,350	33,400
Payroll Taxes	690	1,226	639	2,555
Retirement				-
Other Benefits				-
Conferences & Meetings	3,083	1,982	180	5,245
Bank Charges	414	17	1,450	1,881
TOT Curriculum Development				-
Office & Supplies	4,556	3,223	4,741	12,520
Promotional & Fund Raising	719		281	1,000
Information Technology	722	1,357	1,096	3,175
Travel	12,298	2,212	247	14,757
Other	<u>3,521</u>	<u>1,109</u>	<u>1,675</u>	<u>6,305</u>
 Totals - 2018	 151,902	 27,176	 18,659	 197,737

The Notes to Financial Statements are an integral part of these statements.

**FARM STEW INTERNATIONAL
STATEMENT OF CASH FLOWS
DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018**

	<u>2019</u>	<u>2018</u>
Increase (Decrease) In Cash		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers & Others	1,896	403
Cash Received From Contributors	499,737	257,395
Cash Paid to Suppliers & Employees	<u>(364,280)</u>	<u>(197,054)</u>
Net Cash Flows From Operating Activities	137,353	60,744
CASH FLOWS FROM INVESTING ACTIVITIES		
None	-	-
Net Cash Flows From Investing Activity	<u>-</u>	<u>-</u>
Net Cash Provided (Used)	137,353	60,744
CASH AT BEGINNING OF YEAR	<u>71,989</u>	<u>11,245</u>
CASH AT END OF YEAR	<u><u>209,342</u></u>	<u><u>71,989</u></u>

Reconciliation of Net Increase (Decrease) in Net Assets to Net Operating Cash

Change in Net Assets	135,727	60,060
Depreciation		
(Increase) Decrease in Prepaids	(3,085)	-
Increase (Decrease) in Current Liabilities	<u>4,711</u>	<u>684</u>
Net Operating Cash Provided (Used)	137,353	60,744

The Notes to Financial Statements are an integral part of these statements.

**FARM STEW INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FARM STEW International is an Illinois non-profit corporation located in Tiskilwa, IL. The mission is to improve the health and wellbeing of poor families and vulnerable people by sharing the recipe of abundant life throughout the world.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The financial statements of FARM STEW International have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation. In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14 Not-for-Profit Entities Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update are designed to improve the presentation of net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. FARM STEW International has adopted the provision as of December 31, 2018.

FARM STEW International presents its financial statements in accordance with FASB ASC Topic 958, Subtopic 210 (FASB ASC 958-210), Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958-210 FARM STEW International is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions – Net assets that are not subject to stipulations;

Net assets with donor restrictions – Net assets that are subject to stipulations that will be met by actions of FARM STEW International or the passage of time. Substantially all the restrictions on these assets relate to the funds contributed for specific missionary projects throughout the world. These funds are utilized as expenditures are incurred for various projects.

Revenues and gains and losses from operations are reported as changes in net assets without donor restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Revenue Recognition. In accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 958-605, Not-for-Profit Entities – Revenue Recognition (FASB AC 958-605), unconditional contributions are generally recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give (pledges) are recognized as revenues once a valid pledge has been received. The receivable and corresponding revenue are recognized concurrently. Conditional contributions and pledges are recorded when the conditions have been met.

FARM STEW International reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit instruction that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, FARM STEW International reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

FARM STEW INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventories. Inventories are recorded at cost for the operations of FARM STEW International

Fixed Assets. Fixed Assets used by the corporation are recorded at cost, or in the case of donated equipment, at fair market value as of the date of donation. Depreciation is taken over the assets' estimated useful lives. Equipment is depreciated at various lives from 5-15 years. Buildings are depreciated at 25 years. There are currently no fixed assets in the organization.

The Organization follows the practice of capitalizing all expenditures in excess of \$500 for property and equipment at cost. Routine repairs and maintenance are expensed as incurred.

Donated Services, Goods, and Facilities. The value of donated professional services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash held in various accounts. At year-end and throughout the year, the organization's cash balances were deposited in one bank. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Advertising Costs. Advertising costs are expenses as incurred.

Shipping and Handling. Costs are expensed as incurred and shown separately on the financial statement.

Copyrights and Trademarks. FARM STEW International, Inc. has adopted the policy of expensing as current expenses the legal fees of registering its copyrights and trademarks.

Income Taxes. The Organization is a nonprofit corporation whose revenue is derived from contributions and other fund-raising activities and is not subject to federal or state income taxes.

FARM STEW INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Continued)

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of FARM STEW International's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

FARM STEW International's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	209,342	71,989
Account Receivable	-	-
Financial assets available to meet cash need for expenditures within one year	<u>\$ 209,342</u>	<u>\$ 71,989</u>

NOTE 3 - CASH & CASH EQUIVALENTS

For the purpose of balance sheet classification, FARM STEW International, Inc. considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value.

The Balance Sheet caption "Cash & Equivalents" as of December 31, is comprised of the following:

	<u>2019</u>		<u>2018</u>	
	Carrying Amount	Balance Per Bank	Carrying Amount	Balance Per Bank
Cash on Hand	-	-	-	-
Central Bank	204,058	212,674	69,727	72,413
PayPal	5,284	5,284	2,262	2,262
Uninsured Deposits	-	-	-	-
Total	<u>209,342</u>	<u>217,958</u>	<u>71,989</u>	<u>74,675</u>

NOTE 4 - TRADE RECEIVABLES

Accounts receivable consist of trade receivables recorded when sales are made. Allowance for doubtful amounts is based on management's estimates. Currently there are no Accounts Receivable.

**FARM STEW INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2019 AND 2018
(Continued)**

NOTE 5 - DEPRECIATION BY ASSET TYPE

	<u>2019</u>	<u>2018</u>
No Fixed Assets	-	-
	<u>-</u>	<u>-</u>

NOTE 6 - FEDERAL INCOME TAX

FARM STEW International, Inc. is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Informational Form 990 is filed annually. It is 501(c)(3) classified by IRS as other than a private foundation.

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSE

The costs of providing various programs, fund-raising and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Restrictions on net assets at December 31, 2019 and 2018, relate to funds contributed for specific projects. These funds are utilized as expenditures incurred for the various projects. Balances as of December 31:

	<u>2019</u>	<u>2018</u>
ASI National	10,877	11,750
Freedom Priorities	22,087	-
Swiss Grants	<u>14,751</u>	<u>16,119</u>
	<u>47,715</u>	<u>27,869</u>

FARM STEW INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2019 AND 2018
(Continued)

NOTE 9- FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 Fair Value Measurements: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the company has the ability to access.

Level 2 Fair Value Measurements: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

The carrying amounts of cash, accounts & bequests receivables, inventory, accounts payable and accrued payroll & payroll taxes approximate fair values due to the short-term nature of these financial instruments.

The carrying values of all the financial instruments are the same as their fair value.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 26, 2020, the date the financial statements were available to be issued. As a result of the COVID-19 pandemic there is economic uncertainty for businesses. The company cannot reasonably estimate the economic impact of this event on its operations.