



COMBINED



ANNUAL



REPORT

2018



Our Mission

Food & Water Watch champions healthy food and clean water for all. We stand up to corporations that put profits before people and advocate for a democracy that improves people's lives and protects our environment.

Our Vision

We are working to create a healthy future for our families and for generations to come — a world where all people have the resources they need, including wholesome food, clean water and sustainable energy. Making this happen requires organizing people from all over the country to work together make our democratic process work for people, not corporations "buying" their right to pollute and to make us sick.

Our Values

Independence. We are a public interest organization that is a stalwart voice for the people because we remain independent of corporate and government influence. We are 100% funded by our members, individual donors and foundation grants.

Democracy. We protect our planet by knocking on doors, helping communities fight for their rights, educating people and using media to reach over a million people across the country. We believe getting large numbers of people actively involved in politics at all levels holds the government accountable for creating policies that ensure a sustainable world with safe food and clean water.

Human Rights. Although food and water are human rights, our political leaders are siding with corporate greed over adequate nutrition and drinking water for our families. We are part of the growing global movement fighting this injustice.

Sustainability. We know a sustainable future is possible — one that ensures access to essential resources for our children and grandchildren while protecting our environment.

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Dear Friend,

The last year has made it startlingly clear: Now more than ever, we need true champions for safe food, clean water and a livable climate. Trump and the greedy corporate giants who pushed him into office have revealed the scope and magnitude of their assault on the core values we all care so deeply about: a clean and safe environment, human dignity, democratic engagement and the rule of law. Trump's dangerous agenda of slashing basic, commonsense safeguards that protect people and our environment may be startling to some. But we know that the big corporations and wealthy special interests behind Trump's rise are getting exactly what they paid for.

That's why it's so important for all of us to stand up to Trump — to fight at the agencies, the courts and in Congress to stop him and demand policies that will work for people, not just giant corporations. And that's exactly what we're doing at Food & Water Watch and Food & Water Action. Your support and the support of our more than one million members and courageous private foundations have allowed us to fight to protect our planet and our future.

At Food & Water Watch and Food & Water Action, we fight and win the battles that others are too timid to wage. We know that the threat of unchecked climate change is both real and urgent — and it grows day by day as Trump and his corporate allies chip away at every sensible safeguard. We also know that the solution to climate chaos is clearly in sight: ban fracking now; end our deadly dependence on fossil fuels; move to 100% clean, renewable energy immediately. We have the science and technology to make these solutions a reality today. All we need is the political will.

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That's where you and the other fearless supporters of Food & Water Watch and Food & Water Action play the central role. You empower us to fight for the bold, uncompromising solutions that we all know are urgently necessary. You empower us to work to bring people together to win the battles — at the federal, state and local levels — that will secure our planet's future.

Your support means that Food & Water Watch and Food & Water Action are able to use the full range of advocacy tools (policy experts, lawyers, research and strategic communications) to fight for our food, water and climate. More than that though, because of you, we're able to educate and organize people and groups at the grassroots and in local communities. Increasing civic engagement (at this time when our democratic and civic institutions are under assault) and action is at the heart of how we will win the systemic change we need to survive and thrive. Trump and his cronies are fighting us, but we're fighting back.

By joining groups like Food & Water Watch and Food & Water Action, people across the country are coming together to make historic progress and win real victories in their local communities and across the nation. I am so proud of the victories we've won with your

support. This report offers many signs of hope in this dark Trump era. But we need to build momentum moving forward; we need to work harder, to do more to grow our national movement to protect our food, water and a livable climate. You empower us to make our democracy work again for people, not just giant corporations. We are so grateful that you stand with us to protect people today and to fight for a livable future for us all!

Thank you for your leadership and for taking action to support Food & Water Watch and Food & Water Action. Together, we are fighting the forces of greed and corruption that are working tirelessly to line their pockets at the cost of human life and human dignity. Together, we are fighting to protect our most essential resources and to secure a sustainable future for our children and grandchildren. This is a fight we must win. And with your help, win it we shall.

In Solidarity,



A handwritten signature in black ink, appearing to read 'W. Hauter'.

Wenonah Hauter
Executive Director
Food & Water Watch
Food & Water Action

Victory in Baltimore: Leading the Way on Public Water

Access to clean, safe, and affordable drinking water is a human right, and our supporters helped hundreds of thousands of people in Baltimore realize this vision. In 2018, the biggest victory for water campaigns was the citywide ban of water privatization. Seventy-seven percent of Baltimore voters approved the Measure E Charter Amendment, which makes Baltimore the first major U.S. city to prohibit the sale and lease of the city's water and sewer system.

Because our supporters believe strongly in this work, Food & Water Watch had the resources needed to lead a powerful coalition and a massive organizing campaign to build an overwhelming majority of public pressure and support to get the amendment passed. This victory proves once again that the protection of people's health and the environment does not have to be a partisan issue.

Rianna Eckel, our Maryland Organizer noted "With water corporations circling around Baltimore over the past several years, ramped up privatization ploys last Spring, and a federal administration hellbent on propping up corporate power over peoples' rights, it is momentous that the city has voted to keep its water public."

Our supporters also saved thousands of Baltimore homes and places of worship from foreclosure due to unaffordable and erroneous water bills. Food & Water Watch led the campaign to pass the Water Taxpayer Protection Act through the Maryland state legislature. This bill prohibits the city of

Baltimore from sending residences and places of worship to tax sale to collect water bills.

The work to protect water and homes is the culmination of a multi-year effort to build grassroots power in Baltimore and protect people's rights. It demonstrates that grass roots organizing, fueled by donor support, can overcome even in the most challenging of political climates.

Supporters led the fight on these other key water victories in 2018:

- Organized 52 co-sponsors in Congress to reintroduce The Water Affordability, Transparency, Equity, and Rehabilitation Act — The WATER Act — which is the most comprehensive approach to improving our water systems.
- Exposed that 1 in 20 household had their water shut off for failure to pay in 2016. In October, *The New York Times* covered Food & Water Watch's newest water report — *America's Secret Water Crisis: National Shutoff Survey Reveals Water Affordability Emergency Affecting Millions*.
- Food & Water Watch research that shows residents of Monterey, CA pay the highest water rates in the nation fueled local activists to pass Measure J in November. Measure J, which passed by 56 percent to 44 percent, authorizes the local water district to study the feasibility of public ownership, and sends a clear mandate to pursue public ownership of the water system.

How We Win Local Fights: 100% Renewable Energy for Los Angeles

With federal legislation deadlocked in a divided congress, local communities hold the key to the climate fight. Thanks to the generosity of our supporters, Food and Water Watch commissioned a report in March that outlines its most comprehensive local solution to the climate crisis to date.

Prepared by Synapse, an energy consulting firm, *Clean Energy for Los Angeles* provides Los Angeles's municipal power utility — the largest in the country — with a roadmap to 100 percent renewable energy for the city. The roadmap lays out critical steps to a better future for Los Angeles while providing a model other cities and states can also follow to move away from fossil fuels and toward clean energy systems.

Food & Water Watch also used this report to launch grassroots organizing efforts across the city to convince Mayor Eric Garcetti and the L.A. City Council to lead in this transition and set a powerful example for the nation and the world. A renewably-powered Los Angeles will clean the air, create well-paid local jobs, promote energy independence, and lead to safer and healthier communities for the city's 4 million residents.

For local communities, the transition to 100 percent renewable energy also means lower electric bills. The study shows that investments in renewable energy would cost less for ratepayers than a continued dependence on fossil fuels. These savings are even greater when we consider the high social cost associated with burning fossil fuels, such as air pollution from power plants and water pollution from fracking. By investing in

renewable energy, we can avoid many of these devastating social costs.

And the grassroots efforts are working. Thanks to donor support, grassroots organizing in Los Angeles ramped up pressure on elected officials throughout 2018. This led to a major campaign victory just after the New Year, when Mayor Garcetti announced he would scrap expensive renovation projects on three gas fired power plants and will replace their ageing turbines with renewable energy.

Our supporters are the reason for this major step forward, and the fight continues!

Supporters fought and won these additional climate victories in 2018:

- Blocked dirty fossil fuel infrastructure from coast to coast, stopping pipelines and power plants in New York, New Jersey, and California.
- Obtained 47 co-sponsors for the Off Fossil Fuels for a Better Future or OFF Act, H.R. 3671, the most comprehensive climate legislation introduced in congress to date and would require 100% renewable energy by 2035.
- Defeated an ordinance in Sandoval County, New Mexico that would have introduced fracking in the county.
- Introduced 100% renewable energy bills similar to the OFF Act in Virginia, New Jersey, Maryland, and New York.
- Stopped a bad energy bill in California that would have regionalized the electric grid and handed over control of local energy decisions to the Trump administration.

The Case to Ban Factory Farms

We know our supporters care deeply about our food system, and they rely upon us to lead the fight so everyone has access to reliable food sources. That's why in 2018 we released a bold new report to take on Big Agriculture in this country with our newest food report, *The Urgent Case for A Ban on Factory Farms*.

The comprehensive report outlines the danger factory farms pose to local communities, from air pollution to water contamination, as well as their tremendous contribution to climate change by releasing far more greenhouse gasses than small, family farms. Moreover, the report offers real solutions to reform our farming system.

Thanks to donor support, Food & Water Watch launched its first campaign to address the problems and solutions from the report, and significantly expanded campaign work in Iowa in 2018.

Iowa was the best place to shift the narrative around factory farm issues. The state is ground zero for pork packaging industry consolidation. Between 1982 and 2007 the number of hog farms in the state dramatically decreased while the average number of hogs per farm jumped from 500 to over 5,000. While hogs represent the majority of factory farmed animals, Iowa houses cattle, chicken, turkey, lamb and goat operations as well.

The risk of these operations to local communities is extensive, and a lack of basic state regulations translates to a real threat to people's health and the environment. The massive amounts of fecal matter and other pollutants generated by factory farms are

contaminating local water supplies, emitting toxic air pollutants that sicken residents and farm workers, and contributing to climate change by increasing greenhouse gas emissions at a time when we should do the opposite to stop the worst of climate chaos.

That's why we've made Iowa the first fight in a long effort to eliminate factory farms. Thanks to donor support, we built our base in Iowa and laid the groundwork to campaign for a moratorium on new factory farms in the state — a crucial first step toward and outright ban.

In conjunction with local allies at Iowa Citizens for Community Improvement, we hosted a "Clean Water Roadshow" in communities across the state to discuss efforts to reign in factory farms and why now is the moment to push for a moratorium. These forums, along with research, sign on letters and conversations with key state legislators broadened community engagement and support for a moratorium. With a tough political climate in Iowa, it will take more time to pass legislation, but with continued support from our donors we'll be able to work diligently to expand our base and exercise political power in 2019 and beyond.

Supporters enabled these additional food victories in 2018:

- Shut down a 30,000 head factory farm in Lost Valley, Oregon after the Department of Environmental Quality revoked their permit.
- Launched *Stop Tainting our Produce* campaign to stop fracking waste used in the irrigation of crops in California.

Our Supporters Drive Our Victories: Stories from the Climate Fight

My Passion for the Environment and Food & Water Watch

By Lee Fahey

Each of us has an individual passion and ever since the 1960s, when I was in high school, mine has been the environment. I have never understood the greed behind benefitting financially from wreaking havoc on our environment. My brother teases me that, if everyone followed my lifestyle, there wouldn't be any environmental issues. I actually take that as a compliment. Some may say I'm a weirdo, or an environmental nerd, based on the extremes I go through to minimize my footprint on the earth. But I am very proud of my lifestyle.

In 2012, I was fortunate to attend a gathering at a farm-to-table restaurant in Charlotte hosted by Renee Maas, North Carolina's Food & Water Watch organizer. During the evening I became enthralled with what I learned about the important work being undertaken by the organization. I believe that if you are reading this you might be feeling the same way I felt seven years ago.

Here is a list of what impresses me about Food & Water Watch:

- Wenonah Hauter, the founder and executive director, is a wise, passionate and fearless leader who obviously "walks the talk." She is the author of two thought-provoking books: *Foodopoly* and *Frackopoly*, and a tireless activist for environmental issues.
- The organization provides training if you are interested in presenting information to an audience on their behalf.

- Staff members are comprised of a diverse mix of people, each one very obviously passionate about Food & Water Watch's mission.
- Food & Water Watch values collaboration and actively partners with other organizations united in the same goals.
- Published materials are impeccably researched.
- Food & Water Watch is not aggressive but rather thoughtful and strategic in its approach.

Upon discovering how passionately I felt about this organization, I set about determining how to assist in their mission. No matter our individual circumstances, I feel that we can all do something to address the world's mounting environmental issues. Here is a list of what I have done to help advance the Food & Water Watch mission. I hope it serves as inspiration.

- Whenever Renee came to Charlotte on business and when Wenonah joined Renee for the *Foodopoly* book promotion, I provided food and lodging. This offered financial savings to the organization.
- I regularly share information with friends and family about current issues (for example, fracking and plastics), and Food & Water Watch (ask them to sign up for "take action" alerts)

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(My Passion for the Environment continued from page 7)

- Along with other activists, I have hosted petition-signings at local farmer's markets.
- I sign petitions and call leaders about specific issues, as requested through texts and emails from Food & Water Watch.
- Along with other activists, I have hosted presentations about GMOs for neighbors and YMCA members.
- I regularly attend Food & Water Watch webinars.
- I am a regular monthly contributor.

My most recent contribution — and one I'm VERY excited about — is my eBay business! 100% of the proceeds of my eBay sales are donated to Food & Water Watch. Furthermore, eBay doesn't apply their fees in this type of

arrangement, so it's a win/win situation for all involved. Since my retirement, I have no interest in hanging on to things like jewelry, home décor, etc. So I'm minimizing my possessions with the added bonus of donating to my favorite nonprofit — I LOVE IT! And, as a retiree, my company matches both my donations.

I hope you have enjoyed hearing about my personal take on giving. And while I realize we each have varying abilities for accomplishing the same goal, I'd like to encourage you to focus on whatever it is you are passionate about and get involved! Your contribution is needed and appreciated, especially for the sake of our future generations.

Fighting for The Next Generation of Activists

Developing dedicated, well-informed and civically engaged youth is integral for the success of Food & Water Watch's long-term vision for a just, equitable and sustainable future. Thanks to our supporters, Food & Water Watch and Food & Water Action are able to support the next generation of activists in their desire to make a difference. Through volunteering, internships and community actions, these future leaders build skills while working for a better world.

In 2018 we highlighted inspirational stories from these young activists. This is a sample of what they had to say:

Faith Myhra

Los Angeles, California

The Aliso Canyon Gas Blowout happened while I was finishing a Masters in Urban Sustainability. A friend was posting about the injustice that the community faced. It became impossible to ignore, so I got involved.

I've knocked on doors, made phone calls and marched. When a local state senator authored a bill to help protect the community, I joined the team at Food & Water Watch as an intern. I regularly drove up to Sacramento, setting up meetings between state senators' offices and residents from the affected area.

I later learned that Aliso Canyon was not the only gas storage facility in Los Angeles. Another was right next to where I live! Now I campaign against the threat right next door. I will continue to fight the fossil fuel industry in L.A. and to push our city to adopt 100% renewable energy.

Gabe Jimenez-Ekman

Kenyon College, Ohio

I find that because we learn so much from our peers, grassroots organizing and everyday civic engagement are crucial methods of spreading ideas and working toward a fairer

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(Fighting for the Next Generation continued from page 8)

world. By working with Kenyon College's Divest movement, as well as with Food & Water Watch, I hope to show my peers that their actions can influence others and that their voice can bring about change.

One of my main goals is to help people realize the influence they have simply by contacting their representatives, whether these are Kenyon's trustees or government officials. I also engage with my community through my job at the Kenyon Farm, where we practice and spread knowledge about sustainable agriculture. As a firsthand example of the benefits of sustainable farming practices, the Kenyon Farm helps promote values I hold dear.

Cecille de Laurentis

New Brunswick, New Jersey

After living in Japan for three years post-college graduation, I returned to the United States because I wanted to make a difference at home. Community organizing around environmental justice interested me most because this is an urgent local and global issue with the potential to unite many different social justice movements.

Although I thought that finding my ideal job immediately was unlikely, Food & Water Watch proved me wrong! I started as a canvasser and became an intern organizer. Both positions

have taught me invaluable lessons about communicating with different people, and — in my home state of New Jersey — the power of working together to create political change. It's work that I'm proud to take part in and that has solidified my commitment to the movement.

Kelsey Martin

New Mexico

My youth was defined by an overwhelming love of nature. When I entered high school I began participating in my community and solidifying this love. My passion really manifested itself when I got the opportunity to intern at Food & Water Watch.

There, I overcame the anxiety and insecurity I once had, and I single-handedly led a protest against the Bureau of Land Management at its Gas and Oil Lease sale in Roswell, New Mexico. Planning for this required mobilizing community members and months of preparation.

Nothing has been more rewarding than working within my home state to enact change. This grassroots-style environmentalism has informed how I both work on and see environmental issues. Now at the University of New Mexico, I am eager to continue impacting change in my home state.

It Takes *All* of Us To Win the Future We Need

Food & Water Watch and Food & Water Action work in partnership with grassroots organizations across the globe who are committed to a safe and equitable world. Here is a partial list of groups with whom we partner on our critical campaigns to protect our food and water.

- | | |
|---|--|
| Coalition to Ban Unsafe Oil Trains | Jews United for Justice |
| Coalition Against Pilgrim Pipelines | 1199 SEIU Maryland/DC |
| New York Communities for Change | AFSCME Council 67 |
| Franciscan Response to Fracking | AFT Maryland |
| Riverkeeper | AARP Maryland |
| National Nurses United | Maryland Volunteer Lawyers Service |
| Progressive Democrats of America | Pro Bono Resource Center of Maryland |
| Wild Earth Guardians | Public Justice Center |
| Colorado Rising | Neighborhood Housing Services |
| Surfrider NYC | National Lawyers Guild - Maryland |
| Earthworks | Center for Biological Diversity |
| Common Ground Rising | Big Ben Conservation Alliance |
| ESCA (Eastern Sandoval Citizens Assn) | No Bayou Bridge |
| Frack Free New Mexico | No DAPL |
| Long Island Progressive Coalition | BOLD Nebraska |
| Athens County Fracking Action Network | Dooda Fracking |
| Power Shift Network | San Augustin Water Coalition |
| Halt Holtec | East Mountain Democrats |
| Animal Protection Voters | Los Padres Forest Watch |
| Diné Care | One Step A La Vez |
| Interfaith Worker Justice | CAUSE (Central Coast Alliance United for Sustainable Economy) |
| Interfaith Power & Light | Unitarian Universalist Church |
| Conservation Voters NM | MICOP (Mixteco Indigena Community Organizing Project) |
| Environmental Alliance of NM | California Nurses Association |
| MACE Multicultural Alliance for a Safe Environment | Center for Biological Diversity |
| New Energy Economy | |
| Environment New Mexico | |

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(It Takes All of Us continued from page 10)

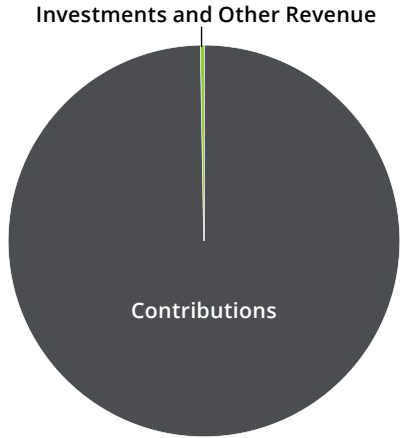
| | |
|--|---|
| Indivisible (Multiple Chapters) | National Nurses United |
| Ballona Institute | Earth Ethics |
| Climate Reality | Physicians for Social Responsibility- Florida |
| Corporate Accountability International | Organize Florida |
| Communities for A Better Environment | Oceana Florida |
| Environmental Advocates of New York | Center for Biological Diversity |
| 5 Gyres | Pasco Activists |
| NCSA | Colorado Rising |
| Sierra Club – various chapters | Fluoride Action Network |
| East Yards | Earth Guardians |
| Divest LA | Public Water Now |
| Revolution LA | What the Frack: Arapahoe |
| Consumer Watchdog | Rocky Mountain Peace and Justice Center, Boulder |
| California Nurses | Residents for North Braddock's Future |
| Bark | Sustainable Monroeville |
| Restore the Delta | Citizens to Protect Plum |
| Jobs to Move America | Protect Elizabeth Township |
| IBEW Local 11 | Communities First Sewickley |
| Earthjustice | Clean Air Council |
| Union de Vecinos | Uwchlan Safety Coalition |
| PSR-LA | Middletown Coalition for Community Safety |
| Chicago Area Peace Action | Del Chesco United for Community Safety |
| People’s Climate Movement | Lebanon Pipeline Awareness |
| 350 affiliates | Lancaster Against Pipelines |
| Save Our Illinois Land | League of Conservation Voters |
| National Nurses United | New York State Nurses Association |
| Southern Illinoisans Against Fracturing our Environment | Sane Energy Project |
| Michigan Clean Water Action | Green Justice Philadelphia |
| Michigan Sunrise Movement | Philly Thrive |
| ReThink Energy Florida | Marcellus Outreach Butler |
| Florida Conservation Voters | Delaware Riverkeeper Network |
| Environment Florida | Berks Gas Truth |
| Save the Sound | Citizens for a Healthy Jessup |

Audited Financials 2018

Food & Water Watch

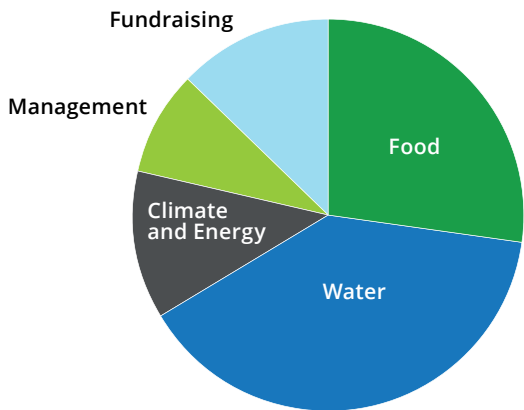
REVENUE

| | |
|-------------------------------|---------------------|
| Contributions | \$17,035,146 |
| Investments and Other Revenue | \$44,583 |
| Total | \$17,079,729 |



EXPENSES

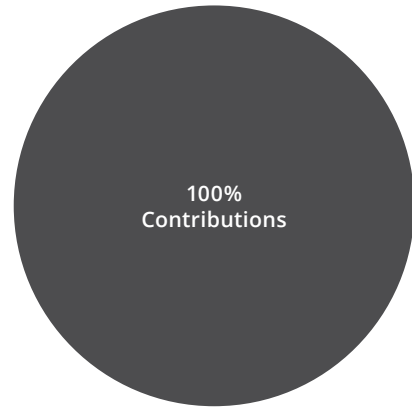
| PROGRAM | |
|-------------------------|---------------------|
| Food | \$4,744,932 |
| Water | \$6,716,066 |
| Climate and Energy | \$2,120,758 |
| Subtotal Program | \$13,581,756 |
| SUPPORT | |
| Management | \$1,517,247 |
| Fundraising | \$2,157,082 |
| Subtotal Support | \$3,674,329 |
| Total | \$17,256,085 |



Food & Water Action

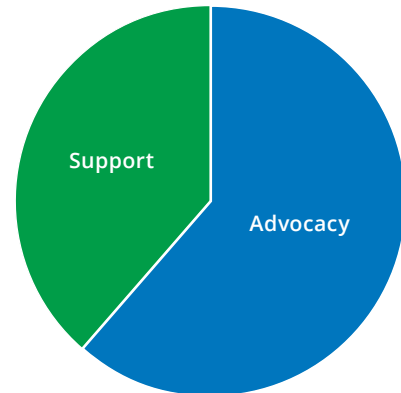
REVENUE

| | |
|---------------|--------------------|
| Contributions | \$1,257,397 |
| Total | \$1,257,397 |



EXPENSES

| | |
|--------------|--------------------|
| Advocacy | \$1,200,160 |
| Support | \$748,255 |
| Total | \$1,948,415 |



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
Wenonah Hauter
Rudolf Amenga Etego
Elizabeth Peredo Beltrán
Mary Ricci
Lisa Schubert
Robert Howarth

Food & Water Action Board

Maude Barlow
Wenonah Hauter
Dennis Keaney
Adolph Reed, Jr.
Craig Merrilees



foodandwaterwatch.org



foodandwateraction.org



**FOOD AND WATER WATCH
AND
FOOD AND WATER ACTION FUND**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2018

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

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DECEMBER 31, 2018

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Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Food and Water Watch and Food and Water Action Fund (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Food and Water Watch
Food and Water Action Fund

Emphasis of Matter

As discussed in Note 3 of the consolidated financial statements, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters Emphasis

Our audit was conducted for the purpose of forming an opinion on the Organization's consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Councilor, Buchanan + Mitchell, P.C.

Certified Public Accountants

Washington, D.C.
November 18, 2019

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

Assets

Current Assets

| | |
|---------------------------|---------------|
| Cash and Cash Equivalents | \$ 3,719,392 |
| Investments | 3,860,629 |
| Contributions Receivable | 494,822 |
| Accounts Receivable | 11,996 |
| Prepaid Expenses | 735,333 |
| Inventory | <u>22,142</u> |
| Total Current Assets | 8,844,314 |

Fixed Assets, at Cost

| | |
|--|------------------|
| Furniture, Equipment, and Leasehold Improvements | 3,201,963 |
| Less Accumulated Depreciation | <u>(834,852)</u> |
| Fixed Assets, Net | 2,367,111 |

Other Assets

| | |
|---------------------|------------------------------------|
| Security Deposits | <u>209,848</u> |
| Total Assets | <u><u>\$ 11,421,273</u></u> |

Liabilities and Net Assets

Current Liabilities

| | |
|--------------------------------|------------------|
| Accounts Payable | \$ 556,311 |
| Accrued Payroll and Benefits | 1,286,448 |
| Funds Held on Behalf of Others | 14,462 |
| Deferred Rent | <u>1,843,038</u> |
| Total Current Liabilities | 3,700,259 |

Net Assets

| | |
|---|------------------------------------|
| Without Donor Restrictions | 6,702,337 |
| With Donor Restrictions | <u>1,018,677</u> |
| Total Net Assets | <u>7,721,014</u> |
| Total Liabilities and Net Assets | <u><u>\$ 11,421,273</u></u> |

See accompanying Notes to Consolidated Financial Statements.

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|-------------------------------|----------------------------|-------------------------|
| Support and Revenue | | | |
| Contributions | \$ 16,569,293 | \$ 1,723,250 | \$ 18,292,543 |
| Other Revenue | 36,709 | - | 36,709 |
| Investment Income | 7,874 | - | 7,874 |
| Net Assets Released from Restrictions | 1,585,637 | (1,585,637) | - |
| Total Support and Revenue | 18,199,513 | 137,613 | 18,337,126 |
| Expenses | | | |
| Program Services | | | |
| Food | 4,744,932 | - | 4,744,932 |
| Climate and Environment | 2,120,758 | - | 2,120,758 |
| Water | 6,716,066 | - | 6,716,066 |
| Advocacy | 1,200,160 | - | 1,200,160 |
| Total Program Services | 14,781,916 | - | 14,781,916 |
| Supporting Services | | | |
| Management and General | 1,798,924 | - | 1,798,924 |
| Fundraising | 2,623,660 | - | 2,623,660 |
| Total Supporting Services | 4,422,584 | - | 4,422,584 |
| Total Expenses | 19,204,500 | - | 19,204,500 |
| Change in Net Assets | (1,004,987) | 137,613 | (867,374) |
| Net Assets, Beginning of Year | 7,707,324 | 881,064 | 8,588,388 |
| Net Assets, End of Year | \$ 6,702,337 | \$ 1,018,677 | \$ 7,721,014 |

See accompanying Notes to Consolidated Financial Statements.

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Program Services | | | | Supporting Services | | | | |
|---------------------------------|---------------------|-------------------------|---------------------|---------------------|------------------------|------------------------|---------------------|---------------------------|----------------------|
| | Food | Climate and Environment | Water | Advocacy | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses |
| Accounting | \$ 571 | \$ - | \$ - | \$ - | \$ 571 | \$ 71,850 | \$ - | \$ 71,850 | \$ 72,421 |
| Bank Charges | - | - | - | 41 | 41 | 60,864 | - | 60,864 | 60,905 |
| Caging | - | - | - | - | - | - | 14,938 | 14,938 | 14,938 |
| Contracted Services | 386,066 | 120,065 | 184,851 | 9,695 | 700,677 | 135,846 | 200,706 | 336,552 | 1,037,229 |
| Contributions | 8,833 | 1,923 | 155,265 | 237,250 | 403,271 | 75,008 | 75 | 75,083 | 478,354 |
| Database | 144,666 | 66,754 | 236,030 | 85,129 | 532,579 | 14,769 | 213,175 | 227,944 | 760,523 |
| Depreciation | 81,083 | 43,279 | 120,381 | - | 244,743 | 19,466 | 29,697 | 49,163 | 293,906 |
| Direct Mailing | - | - | - | - | - | - | 64,458 | 64,458 | 64,458 |
| Dues and Subscriptions | 61,625 | 18,668 | 67,481 | 94,590 | 242,364 | 7,344 | 18,227 | 25,571 | 267,935 |
| Employee Benefits | - | - | - | 74,659 | 74,659 | 19,534 | 14,108 | 33,642 | 108,301 |
| Equipment and Maintenance | 47,912 | 16,753 | 72,539 | - | 137,204 | 13,648 | 21,245 | 34,893 | 172,097 |
| Events | 17 | - | 17 | - | 34 | 585 | 14,510 | 15,095 | 15,129 |
| Graphic Design/Art | 254 | 1,454 | 337 | 31,883 | 33,928 | 17,839 | 28,489 | 46,328 | 80,256 |
| Human Resources | - | - | - | - | - | 72,973 | - | 72,973 | 72,973 |
| Insurance | 36,772 | 14,921 | 51,653 | - | 103,346 | 14,048 | 11,177 | 25,225 | 128,571 |
| Interest Expense | - | - | - | - | - | 45 | - | 45 | 45 |
| Legal | - | 100 | 1,893 | 8,059 | 10,052 | 59,561 | 250 | 59,811 | 69,863 |
| Licenses and Permits | 4,685 | - | 200 | - | 4,885 | 361 | 19,825 | 20,186 | 25,071 |
| List Rental | - | - | - | - | - | - | 108,032 | 108,032 | 108,032 |
| Mailhouse | 30,993 | 30,993 | 30,992 | - | 92,978 | - | 29,082 | 29,082 | 122,060 |
| Miscellaneous | 103 | - | - | - | 103 | 43,328 | - | 43,328 | 43,431 |
| Office Expenses | - | - | - | 222 | 222 | 231 | 17,835 | 18,066 | 18,288 |
| Occupancy | 350,653 | 173,364 | 531,778 | - | 1,055,795 | 52,783 | 89,086 | 141,869 | 1,197,664 |
| Organizing Materials | 908 | 4,023 | 1,377 | 502 | 6,810 | - | 17,070 | 17,070 | 23,880 |
| Payroll Taxes | - | - | - | 36,774 | 36,774 | 8,423 | 6,073 | 14,496 | 51,270 |
| Postage, Shipping, and Delivery | 77,754 | 70,803 | 82,068 | 48,132 | 278,757 | 115,983 | 144,772 | 260,755 | 539,512 |
| Printing and Copying | 27,668 | 5,888 | 223,508 | 90,765 | 347,829 | 125,401 | 419,752 | 545,153 | 892,982 |
| Promotional Items | 8,869 | 4,718 | 8,738 | 4,626 | 26,951 | - | 4,000 | 4,000 | 30,951 |
| Recruitment | 590 | - | - | - | 590 | 2,750 | 864 | 3,614 | 4,204 |
| Salaries | 3,022,728 | 1,367,039 | 4,386,792 | 469,859 | 9,246,418 | 776,553 | 1,000,127 | 1,776,682 | 11,023,080 |
| Staff Development | 35,662 | 7,021 | 20,221 | - | 62,904 | 4,389 | 4,819 | 9,208 | 72,112 |
| Supplies/Office Expense | 19,851 | 5,402 | 30,486 | - | 55,739 | 19,731 | 3,403 | 23,134 | 78,873 |
| Technology | 110,931 | 28,888 | 171,907 | 3,721 | 315,447 | 30,130 | 35,487 | 65,617 | 381,064 |
| Telephone | 114,623 | 66,976 | 164,389 | - | 345,988 | 16,573 | 31,003 | 47,576 | 393,564 |
| Travel | 171,115 | 71,726 | 173,163 | 4,253 | 420,257 | 18,926 | 61,375 | 80,301 | 500,558 |
| Total Expenses | \$ 4,744,932 | \$ 2,120,758 | \$ 6,716,066 | \$ 1,200,160 | \$ 14,781,916 | \$ 1,798,924 | \$ 2,623,660 | \$ 4,422,584 | \$ 19,204,500 |

See accompanying Notes to Consolidated Financial Statements.

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | |
|---|----------------------------|
| Cash Flows from Operating Activities | |
| Change in Net Assets | \$ (867,374) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities | |
| Depreciation | 293,906 |
| Realized and Unrealized Loss on Investments | 88,995 |
| Changes in Assets and Liabilities | |
| Decrease in Contributions Receivable | 68,676 |
| Increase in Accounts Receivable | (11,842) |
| Decrease in Accrued Interest Receivable | 6,302 |
| Decrease in Prepaid Expenses | (1,730) |
| Decrease in Inventory | (1) |
| Increase in Security Deposits | (100,721) |
| Decrease in Accounts Payable | (99,392) |
| Increase in Accrued Payroll and Benefits | 103,641 |
| Increase in Funds Held on Behalf of Others | 4,492 |
| Increase in Deferred Rent | <u>1,825,674</u> |
| Net Cash Provided by Operating Activities | 1,310,626 |
| Cash Flows from Investing Activities | |
| Purchase of Fixed Assets | (2,338,505) |
| Sale of Investments | 3,151,325 |
| Purchase of Investments | <u>(2,000,000)</u> |
| Net Cash Used in Investment Activities | <u>(1,187,180)</u> |
| Net Increase in Cash and Cash Equivalents | 123,446 |
| Cash and Cash Equivalents, Beginning of Year | <u>3,595,946</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 3,719,392</u></u> |

See accompanying Notes to Consolidated Financial Statements.

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018

1. ORGANIZATION

Food and Water Watch and Food and Water Action Fund (collectively referred to as the Organization) are nonprofit organizations that work 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.

Climate and Environment - The climate and environment program focuses on pollution trading schemes, water market, and privatization of nature.

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.

Advocacy - Food and Water Action Fund lobbies and advocates for common sense policies that result in healthy, safe food and access to safe and affordable drinking water.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts and transactions of Food and Water Watch and Food and Water Action Fund. All intercompany balances and transactions between Food and Water Watch and Food and Water Action Fund have been eliminated in these consolidated financial statements. The consolidated financial statements have been consolidated due to the presence of common control and economic interest.

Method of Accounting

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

Contributions

The Organization recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Cash Equivalents

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

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents (Continued)

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.

Investments

Investments are recorded at fair market value.

Accounts and Contributions Receivables

Accounts and contributions receivable are recorded at the amount the Organization expect 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, 2018, the Organization's allowance for doubtful accounts was \$-0-. The Organization had no bad debt expense for the year ended December 31, 2018.

The Organization's contributions receivable were collected in fiscal year 2018.

Furniture and Equipment

The Organization capitalizes all property and equipment acquisitions of \$1,000 and above. Furniture 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.

Inventory

Inventory, consisting of program supplies and promotional items, is stated at the lower cost (using the first-in first-out method) or net realizable value.

Classes of Net Assets

The Organization has presented its consolidated financial statements in accordance with *U.S. Generally Accepted Accounting Principles*. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* - resources that are available for general operations and resources designated by the Organization's Board of Directors for approved expenditures.
- *Net Assets With Donor Restrictions* - resources that are subject to donor-imposed time and/or program restrictions; temporary or permanent. Temporary restrictions are those that expire either by passage of time or fulfillment of purpose by actions of the Organization. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received. Permanent restrictions are that neither expire by passage of time nor fulfillment of purpose. There were no permanently restricted net assets as of December 31, 2018.

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held on Behalf of Others

Funds held on behalf of others are monies held by Food and Water Watch for an organization that works on food and water rights issues.

Accounting for Uncertainty in Income Taxes

The Organization has adopted Financial Accounting Standards Board Accounting Standards Codification 740-10, *Income Taxes*, which prescribes measurements and disclosure requirements for current and deferred income tax provisions. The interpretation provides for a consistent approach in identifying and reporting uncertain tax positions. It is management's belief that the Organization does not hold any uncertain tax positions.

Functional Allocation of Expenses

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying consolidated 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 include compensation, benefits, and general 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.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

For the year ended December 31, 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification and provides information about liquidity and availability of resources. The changes required by the update have been applied retrospectively to all periods presented. A key change under ASU 2016-14 is the terminology of net asset classes used in these consolidated financial statements. Amounts previously reported as temporarily restricted and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions. Additionally, ASU 2016-14 requires a presentation of expenses on a functional basis.

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

4. 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, 2018, reduced by amounts not available for general operating expenditure within one year:

| | |
|--|-----------------------------|
| Total Assets | \$ 11,421,273 |
| Less Amounts Not Available for General Operating Expenditure | |
| Prepaid Expenses | (735,333) |
| Inventory | (22,142) |
| Fixed Assets, Net | (2,367,111) |
| Security Deposits | (209,848) |
| | <u> </u> |
| Total Financial Assets and Liquidity Resources Available within One Year | <u><u>\$ 8,086,839</u></u> |

5. TAX STATUS

Food and Water Watch has been recognized as exempt from federal income tax by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation.

Food and Water Action Fund has been recognized as exempt from federal income tax by the Internal Revenue Service under provisions of Section 501(c)(4) of the Internal Revenue Code and is classified as an organization that is not a private foundation.

6. INVESTMENTS

The investments held by Food and Water Watch at December 31, 2018, consisted of the following:

| | |
|-------------------|----------------------------|
| Money Market Fund | \$ 1,444,330 |
| Tax Exempt Bonds | <u>2,416,299</u> |
| Total Investments | <u><u>\$ 3,860,629</u></u> |

The components of investment income consisted of the following:

| | |
|--------------------------|------------------------|
| Interest and Dividends | \$ 96,869 |
| Unrealized/Realized Loss | <u>(88,995)</u> |
| Net Investment Income | <u><u>\$ 7,874</u></u> |

For the year ended December 31, 2018, Food and Water Watch paid \$7,363 in investment fees.

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

7. PROPERTY AND EQUIPMENT

At December 31, 2018, property and equipment consisted of the following:

| | |
|-------------------------------|----------------------------|
| Computer Equipment | \$ 1,151,435 |
| Office Equipment | 70,019 |
| Leasehold Improvements | 1,565,219 |
| Office Furniture | <u>415,290</u> |
| Total Fixed Assets | 3,201,963 |
| Less Accumulated Depreciation | <u>(834,852)</u> |
| Fixed Assets, Net | <u><u>\$ 2,367,111</u></u> |

8. FAIR VALUE OF 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 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.

Food and Water Watch's investments in money market funds and tax exempt bonds are reported at fair value in the accompanying consolidated statement of financial position.

| | Fair Value | Active Markets for Identical Assets (Level 1) | Quoted Prices for Identical Assets (Level 2) | Unobservable Inputs (Level 3) |
|--------------------|----------------------------|---|--|-------------------------------------|
| Money Market Funds | \$ 1,444,330 | \$ 1,444,330 | \$ - | \$ - |
| Tax Exempt Bonds | <u>2,416,299</u> | <u>2,416,299</u> | <u>-</u> | <u>-</u> |
| Total | <u><u>\$ 3,860,629</u></u> | <u><u>\$ 3,860,629</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

9. OPERATING LEASE

Food and Water Watch leases office space under various lease agreements that extend to February 28, 2021. 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. The difference between the GAAP rent expense and the required lease payment is reflected as deferred rent in the accompanying consolidated statement of financial position. Lease incentives are amortized over the life of the lease on a straight-line basis as an offset to rent expense.

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

9. OPERATING LEASE (CONTINUED)

On August 31, 2017, the Organization signed an amendment to its lease agreement for office space in Washington, D.C. The amended agreement begins July 1, 2018 and ends September 30, 2029. The lease provides incentives including an allowance for leasehold improvements. Future minimum lease payments required under non-cancellable lease agreements at December 31, 2018, are:

For the Years Ending December 31,

| | |
|------------|----------------------|
| 2019 | \$ 509,899 |
| 2020 | 1,128,686 |
| 2021 | 1,145,740 |
| 2022 | 1,094,854 |
| 2023 | 987,660 |
| Thereafter | <u>5,828,328</u> |
| Total | <u>\$ 10,695,167</u> |

Food and Water Action Fund reimburses its share of rent expense to Food and Water Watch. Rent expense for the year ended December 31, 2018, was \$1,198,162.

10. RETIREMENT PLAN

Food and Water Watch 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, 2018, was \$556,845. This amount is included in accrued payroll and benefits on the accompanying consolidated statement of functional expenses.

11. ALLOCATION OF JOINT COSTS

During the year ended December 31, 2018, 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 \$1,143,877 of joint costs, which are not specifically attributed to a particular component of the activities. These joint costs were allocated as follows:

| | |
|------------------------|---------------------|
| Fundraising | \$ 655,554 |
| Program | 311,918 |
| Management and General | <u>176,405</u> |
| Total | <u>\$ 1,143,877</u> |

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

12. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2018, net assets with donor restrictions were available for the following programs:

| | |
|--|---------------------|
| Water | \$ 103,258 |
| Climate and Environment | 695,920 |
| Food | 165,332 |
| Advocacy | <u>54,167</u> |
| Total Net Assets With Donor Restrictions | <u>\$ 1,018,677</u> |

Net assets with donor restrictions were released for the following programs during the year ended December 31, 2018:

| | |
|---|---------------------|
| Water | \$ 207,753 |
| Climate and Environment | 1,018,634 |
| Food | 327,167 |
| Advocacy | <u>32,083</u> |
| Total Net Assets Released from Donor Restrictions | <u>\$ 1,585,637</u> |

13. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through November 18, 2019, which was the date the consolidated financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.

SUPPLEMENTARY INFORMATION

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

| | Food and Water Watch | Food and Water Action Fund | Eliminating Entries | Total |
|---|----------------------------|----------------------------------|------------------------|----------------------|
| Assets | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 2,716,018 | \$ 1,003,374 | \$ - | \$ 3,719,392 |
| Investments | 3,860,629 | - | - | 3,860,629 |
| Contributions Receivable | 472,609 | 22,213 | - | 494,822 |
| Accounts Receivable | 9,736 | 2,260 | - | 11,996 |
| Due from Related Party | 760,918 | - | (760,918) | - |
| Prepaid Expenses and Deposits | 688,318 | 47,015 | - | 735,333 |
| Inventory | 22,142 | - | - | 22,142 |
| Fixed Assets, Net of Accumulated Depreciation of \$834,852 | 2,367,111 | - | - | 2,367,111 |
| Security Deposits | 209,848 | - | - | 209,848 |
| Total Assets | \$ 11,107,329 | \$ 1,074,862 | \$ (760,918) | \$ 11,421,273 |
| Liabilities and Net Assets | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 519,172 | \$ 37,139 | \$ - | \$ 556,311 |
| Accrued Payroll and Benefits | 1,283,864 | 2,584 | - | 1,286,448 |
| Funds Held on Behalf of Others | 14,462 | - | - | 14,462 |
| Deferred Rent | 1,843,038 | - | - | 1,843,038 |
| Due to Related Party | - | 760,918 | (760,918) | - |
| Total Liabilities | 3,660,536 | 800,641 | (760,918) | 3,700,259 |
| Net Assets | | | | |
| Without Donor Restrictions | 6,482,283 | 220,054 | - | 6,702,337 |
| With Donor Restrictions | 964,510 | 54,167 | - | 1,018,677 |
| Total Net Assets | 7,446,793 | 274,221 | - | 7,721,014 |
| Total Liabilities and Net Assets | \$ 11,107,329 | \$ 1,074,862 | \$ (760,918) | \$ 11,421,273 |

FOOD AND WATER WATCH AND FOOD AND WATER ACTION FUND

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Food and Water Watch | Food and Water Action Fund | Eliminating Entries | Total |
|----------------------------------|----------------------------|----------------------------------|------------------------|---------------------|
| Support and Revenue | | | | |
| Contributions | \$ 17,035,146 | \$ 1,257,397 | \$ - | \$ 18,292,543 |
| Other Revenue | 36,709 | - | - | 36,709 |
| Investment Income | 7,874 | - | - | 7,874 |
| Total Support and Revenue | 17,079,729 | 1,257,397 | - | 18,337,126 |
| Expenses | | | | |
| Program Services | 13,581,756 | 1,200,160 | - | 14,781,916 |
| Management and General | 1,517,247 | 281,677 | - | 1,798,924 |
| Fundraising | 2,157,082 | 466,578 | - | 2,623,660 |
| Total Expenses | 17,256,085 | 1,948,415 | - | 19,204,500 |
| Change in Net Assets | (176,356) | (691,018) | - | (867,374) |
| Net Assets, Beginning of Year | 7,623,149 | 965,239 | - | 8,588,388 |
| Net Assets, End of Year | \$ 7,446,793 | \$ 274,221 | \$ - | \$ 7,721,014 |