

FINANCIAL STATEMENTS



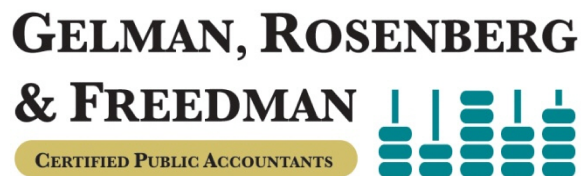
THE CAMPUS KITCHENS PROJECT, INC.

FOR THE SIX MONTHS ENDED JUNE 30, 2013

THE CAMPUS KITCHENS PROJECT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Campus Kitchens Project, Inc.
Washington, D.C.

We have audited the accompanying financial statements of The Campus Kitchens Project, Inc. (the CKP) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and change in net assets, functional expenses and cash flows for the six months 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 of 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CKP as of June 30, 2013, and the change in its net assets and its cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

October 21, 2013

THE CAMPUS KITCHENS PROJECT, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2013

ASSETS

Cash and cash equivalents	\$ 15,018
Investments (Notes 2 and 7)	368,006
Grants receivable	<u>111,375</u>
TOTAL ASSETS	\$ <u>494,399</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 3,901
Accrued salaries and related benefits	16,545
Grants to affiliates	<u>6,283</u>
Total liabilities	<u>26,729</u>

NET ASSETS

Unrestricted	293,420
Temporarily restricted (Note 3)	<u>174,250</u>
Total net assets	<u>467,670</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>494,399</u>

THE CAMPUS KITCHENS PROJECT, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE SIX MONTHS ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Contributions - General	\$ 47,423	\$ -	\$ 47,423
DCCK grants	100,000	140,000	240,000
Interest and dividends (Note 2)	2,230	-	2,230
Contributed services and materials (Note 4)	207,755	-	207,755
Other revenue	1,021	-	1,021
Net assets released from donor restrictions (Note 3)	<u>114,250</u>	<u>(114,250)</u>	<u>-</u>
Total revenue	<u>472,679</u>	<u>25,750</u>	<u>498,429</u>
EXPENSES			
Program Services:			
Campus Kitchens Project	<u>427,890</u>	<u>-</u>	<u>427,890</u>
Supporting Services:			
Management and General Development	<u>64,490</u> <u>28,757</u>	<u>-</u> <u>-</u>	<u>64,490</u> <u>28,757</u>
Total supporting services	<u>93,247</u>	<u>-</u>	<u>93,247</u>
Total expenses	<u>521,137</u>	<u>-</u>	<u>521,137</u>
Change in net assets before other item	(48,458)	25,750	(22,708)
OTHER ITEM			
Unrealized gain on investments (Note 2)	<u>51,219</u>	<u>-</u>	<u>51,219</u>
Change in net assets	2,761	25,750	28,511
Net assets at beginning of period	<u>290,659</u>	<u>148,500</u>	<u>439,159</u>
NET ASSETS AT END OF PERIOD	<u>\$ 293,420</u>	<u>\$ 174,250</u>	<u>\$ 467,670</u>

THE CAMPUS KITCHENS PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2013

	Program Services	Supporting Services			Total Expenses
	Campus Kitchens Project	Management and General	Development	Total Supporting Services	
Donated food and beverage (Note 4)	\$ 100,722	\$ -	\$ -	\$ -	\$ 100,722
Donated rent (Note 4)	93,037	7,026	6,970	13,996	107,033
Personnel expenses (Note 5)	193,441	44,946	16,643	61,589	255,030
Purchased food and beverages	5,825	-	-	-	5,825
Business insurance	-	3,000	-	3,000	3,000
Interest and banking	-	337	-	337	337
Kitchen costs	2,447	-	-	-	2,447
Office expenses	1,016	163	2,644	2,807	3,823
Professional services	-	8,761	2,500	11,261	11,261
Program grants and assistance	16,465	-	-	-	16,465
Technology and communications	2,709	-	-	-	2,709
Travel and local business	10,526	-	-	-	10,526
Miscellaneous	1,702	257	-	257	1,959
TOTAL	\$ 427,890	\$ 64,490	\$ 28,757	\$ 93,247	\$ 521,137

THE CAMPUS KITCHENS PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 28,511
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized gain on investments	(51,219)
Increase in:	
Accounts receivable	10,800
Grants receivable	37,125
Pledges receivable	6,609
Prepaid expenses	3,573
Decrease in:	
Accounts payable	(1,056)
Accrued salaries and related benefits	(8,559)
Grants to affiliates	<u>(10,965)</u>
Net cash provided by operating activities	<u>14,819</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments - dividend reinvestment	<u>(2,230)</u>
Net cash used by investing activities	<u>(2,230)</u>
Net increase in cash and cash equivalents	12,589
Cash and cash equivalents at beginning of period	<u>2,429</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 15,018</u>

THE CAMPUS KITCHENS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Campus Kitchens Project, Inc. (the CKP) is a non-profit organization, incorporated in the District of Columbia in 2001. The CKP is a groundbreaking program that brings student volunteers, colleges and universities, on-campus dining services professionals, and community organizations together to combat hunger in cities across the United States. In 2002, the CKP was incorporated as an affiliated corporation under common control with D.C. Central Kitchen, Inc. (DCCK), a not-for-profit organization. DCCK developed the concept of the "Community Kitchen," a program that includes food recycling, meal distribution and job training to provide a solution that addresses both the immediate problems and the root causes of hunger. The Community Kitchen model has now been replicated in cities across the United States, and the model has proven to be a success on college campuses as well.

The mission of the CKP is to use service as a tool to:

- **Strengthen Bodies**, by safely recovering unserved foods from area foodservice businesses to feed children and adults at partner agencies throughout the greater Washington area.
- **Empower Minds** by providing foodservice job training for unemployed men and women and community service opportunities for youth and adults.
- **Build Communities** by providing working examples, innovative solutions, and shared technology to a cooperative and effective national network of community kitchens.

Locations, opening dates and ownership type of the CKP are as follows:

St. Louis University	St. Louis, MO	10/2001	Owned
Northwestern University	Evanston, IL	05/2003	Owned
Marquette University	Milwaukee, WI	10/2003	Owned
Augsburg College	Minneapolis, MN	10/2003	Affiliate
Gonzaga University	Spokane, WA	11/2005	Owned
Minnesota State University, Mankato	Mankato, MN	11/2005	Affiliate
Gonzaga College High School	Washington, DC	11/2005	Affiliate
University of Nebraska at Kearney	Kearney, NE	08/2006	Affiliate
Washington & Lee University	Lexington, VA	08/2006	Affiliate
Wake Forest University	Winston-Salem, NC	08/2006	Affiliate
Gettysburg College	Gettysburg, PA	08/2007	Affiliate
College of William & Mary	Williamsburg, VA	08/2007	Affiliate
University of Maryland Eastern Shore	Rockville, MD	09/2008	Affiliate
University of Vermont	Burlington, VT	11/2008	Affiliate
Lee University	Cleveland, TN	01/2009	Affiliate
University of Florida	Gainesville, FL	01/2009	Affiliate
Baylor University	Waco, TX	02/2009	Affiliate
Johns Hopkins University	Baltimore, MD	02/2009	Affiliate
University of Wisconsin	Eau Claire, WI	02/2009	Affiliate
Washington University in St. Louis	St. Louis, MO	01/2010	Affiliate
St. Lawrence University	Canton, NY	01/2010	Affiliate
University of Massachusetts Boston	Boston, MA	01/2010	Owned
University of Virginia	Charlottesville, VA	02/2010	Affiliate

THE CAMPUS KITCHENS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Organization (continued) -

Locations, opening dates and ownership type of the CKP are as follows (continued):

East Carolina University	Greenville, NC	02/2010	Affiliate
Union College	Schenectady, NY	02/2010	Affiliate
University of Detroit Mercy	Detroit, MI	11/2010	Affiliate
Elon University	Elon, NC	11/2010	Affiliate
Atlantic City High School/R. Stockton College	Atlantic City, NJ	11/2010	Affiliate
Kent State University	Kent, OH	03/2011	Affiliate
Auburn University	Auburn, AL	12/2011	Affiliate
St. Andrew's Episcopal School	Potomac, MD	12/2011	Affiliate
The Metropolitan Memorial United Methodist Cooperative Parish	Washington, DC	08/2012	Affiliate
University of Georgia	Atlanta, GA	08/2012	Affiliate

The contracts that define the CKP's relationships with its "owned" and "affiliate" schools differ mainly in the burden of cost and assumption of liability.

- **Owned:** The Campus Kitchens who fall under the "owned" model are those for which the CKP provides 100% of the staffing, funding and ongoing assistance. These were the first of the CKP's Campus Kitchens, and therefore, acted as "pilot" programs, over which the CKP retains control and for which the CKP assumes liability and provides indemnification to the host school for the work of the program.
- **Affiliate:** Under our "affiliate" model, the host school assumes the staffing responsibilities, ongoing costs and liability for the Campus Kitchens program. Based on available funding and the school's proposed budget, the CKP provides a multi-year grant to the school to help defray these costs. The CKP provides ongoing technical support, training and licensing of its name and marks to all affiliate schools.

Each of the owned Campus Kitchens is organized as a limited liability company and operates a Campus Kitchen at a single college or university. Both owned and affiliated Campus Kitchens programs coordinate food donations, prepare and deliver meals to area community service agencies, teach basic food preparation and culinary skills to the unemployed, and provide service-learning opportunities for students. Since its inception in 2001, the CKP has engaged more than 57,493 students who have provided more than 413,781 volunteer hours recycling food, working in the kitchen, and delivering approximately 1,945,752 meals to local partner agencies.

In 2013, the CKP Board of Directors agreed to change the fiscal year-end from December 31 to June 30 to match its natural business cycle.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

THE CAMPUS KITCHENS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Basis of presentation (continued) -

The accompanying financial statements represent the activity of the CKP only. The financial statements of the CKP have been consolidated with the financial statements of DCCK in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. However, these financial statements are those of the CKP alone and, accordingly, are not intended to present the financial position, changes in net assets or cash flows of DCCK as of and for the six months ended June 30, 2013. The consolidated financial statements are available at DCCK's headquarters.

Cash and cash equivalents -

The CKP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the CKP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are reported separately in the Statement of Activities and Change in Net Assets.

Grants receivable -

Grants receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. Grants receivable are to be collected within one year.

Income taxes -

The CKP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The CKP is not a private foundation.

As discussed in the "Organization" section above, each of the owned Campus Kitchens is a single-member LLC owned entirely by the CKP. The owned Campus Kitchens are treated as a "disregarded entity" for income tax purposes and, as such, their financial activity is reported in conjunction with the federal tax filings of the CKP.

Uncertain tax positions -

For the six months ended June 30, 2013, the CKP has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

THE CAMPUS KITCHENS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Uncertain tax positions (continued) -

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Grants to affiliates -

The CKP provides initial funding to Campus Kitchens affiliates in accordance with affiliate agreements. These grants provide monthly funding for 36 months and are recorded as contributions made at the date the affiliation agreement is signed. The unpaid portion of these grants is reported as payables at the end of the year. These grants are expected to be fully paid in the next fiscal year.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the CKP and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the CKP and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in perpetuity by the CKP. As of June 30, 2013, there were no permanently restricted net assets.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Contributed services and materials -

Contributed services and materials consist of office space and food. Contributed services and materials are recorded at their fair market value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to the CKP; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

THE CAMPUS KITCHENS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

The CKP invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The CKP adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The CKP accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. INVESTMENTS

Investments consisted of the following at June 30, 2013:

	Fair Value
Equity Mutual Funds	\$ <u>368,006</u>

The following summarizes total investment income:

Interest and dividends	\$ 2,230
Unrealized gain	<u>51,219</u>
TOTAL INVESTMENT INCOME	\$ <u>53,449</u>

THE CAMPUS KITCHENS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2013

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2013:

Time Restricted	\$ <u>174,250</u>
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The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Passage of Time	\$ <u>114,250</u>
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4. CONTRIBUTED SERVICES AND MATERIALS

During the six months ended June 30, 2013, the CKP was the beneficiary of donated goods and services which allow the CKP to provide greater resources towards various programs. To properly reflect total program expenses, the following donations have been included in revenue and expense for the six months ended June 30, 2013.

Donated food and beverage	\$ 100,722
Donated rent	<u>107,033</u>
	\$ <u>207,755</u>

The following programs have benefited from these donated services:

Campus Kitchens Project	\$ 193,759
Management and General	7,026
Development	<u>6,970</u>
	\$ <u>207,755</u>

The CKP, through the combined efforts of its owned and affiliate campus kitchens, received 33,281 hours of donated services from approximately 7,543 volunteers. These volunteers assisted in the recovery of over 171,695 pounds of food and the serving of over 141,752 meals. However, the value of the time donated is not reflected in the financial statements since the services do not meet the criteria for recognition. At \$22.14 per hour, this amounts to \$736,841 of additional contributions and program expenses. This hourly rate is the average estimated value per hour of volunteer time for the United States as compiled by Independent Sector, http://www.independentsector.org/volunteer_time.

5. RETIREMENT PLAN

The CKP offers a defined contribution retirement plan to all employees. The plan operates under section 403(b) of the Internal Revenue Code. The CKP matches 50% of employee contributions up to 5% of the employee's annual salary. Employees are eligible to participate in the plan after 6 full months of employment and are 100% vested when they begin contributing. Total costs of \$2,270 are included in personnel expenses for the six months ended June 30, 2013.

THE CAMPUS KITCHENS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2013

6. RELATED PARTY

The CKP is organized and operates to support the programs of DCCK. In addition, the CKP shares common Board members with DCCK. Certain revenues and expenses related to the CKP are received or paid by DCCK on behalf of the CKP. In addition, the CKP and DCCK may make temporary operating loans to and from each other. The CKP reimburses DCCK for certain management and administrative support, which totaled \$36,479 for the six months ended June 30, 2013. Finally, DCCK provided operating grants during the six months ended June 30, 2013 for \$100,000.

7. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the CKP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the CKP has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2013.

- *Mutual funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

The table below summarizes, by level within the fair value hierarchy, the CKP's investments as of June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total June 30, 2013</u>
Asset Class:				
Equity Mutual Funds	\$ 368,006	\$ -	\$ -	\$ 368,006

8. SUBSEQUENT EVENTS

In preparing these financial statements, the CKP has evaluated events and transactions for potential recognition or disclosure through October 21, 2013, the date the financial statements were issued.