

FoodCorps, Inc.

Financial Statements
and
Auditor's Report

For the Period Ended June 30, 2011

FoodCorps, Inc.

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To the Board of Directors
FoodCorps, Inc.

Independent Auditor's Report

We have audited the accompanying statement of financial position of FoodCorps, Inc. as of June 30, 2011 and the related statements of activities, and cash flows for the period from inception (November 15, 2010) to June 30, 2011. These financial statements are the responsibility of the management of FoodCorps, Inc. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FoodCorps, Inc. as of June 30, 2011 and the changes in its net assets and its cash flows for the initial period then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lambrides, Lamos, Taylor LLP

November 30, 2011

FoodCorps, Inc.
Statement of Financial Position
June 30, 2011

ASSETS

Cash and cash equivalents	\$ 136,532
Grants receivable	420,472
Prepaid expenses	<u>1,200</u>
 Total assets	 <u><u>\$ 558,204</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 8,251
Accrued salaries and related payroll liabilities	<u>13,241</u>
 Total liabilities	 <u>21,492</u>
 Net assets:	
Unrestricted	191,712
Temporarily restricted	<u>345,000</u>
 Total net assets	 <u>536,712</u>
 Total liabilities and net assets	 <u><u>\$ 558,204</u></u>

See notes to financial statements.

FoodCorps, Inc.
Statement of Activities
From Inception to June 30, 2011

	Unrestricted	Temporarily Restricted	Totals
Support and revenue:			
Grant revenue	\$ 335,000	\$ 345,000	680,000
Donated professional services	110,513		110,513
In-kind donations	2,657		2,657
Donated use of facilities	2,052		2,052
Contributions	100		100
Investment income	<u>1</u>	<u> </u>	<u>1</u>
Total support and revenue	<u>450,323</u>	<u>345,000</u>	<u>795,323</u>
Expenses:			
Program	85,078		85,078
Supporting services:			
Management and general	150,555		150,555
Fundraising	<u>22,978</u>	<u> </u>	<u>22,978</u>
Total expenses	<u>258,611</u>	<u> </u>	<u>258,611</u>
Change in net assets	191,712	345,000	536,712
Net assets at beginning of period	<u> -</u>	<u> -</u>	<u> -</u>
Net assets at end of period	<u><u>\$ 191,712</u></u>	<u><u>\$ 345,000</u></u>	<u><u>\$ 536,712</u></u>

See notes to financial statements.

FoodCorps, Inc.
Statement of Cash Flows
From Inception to June 30, 2011

Cash flows from operating activities:	
Change in net assets	\$ 536,712
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) in:	
Grants receivable	(420,472)
Prepaid expenses and other assets	(1,200)
Increase in:	
Accounts payable and accrued expenses	8,251
Accrued salaries and related payroll expenses	<u>13,241</u>
Net cash provided by operating activities	<u>136,532</u>
Net increase in cash	136,532
Cash and cash equivalents at beginning of period	<u>-</u>
Cash and cash equivalents at end of period	<u><u>\$ 136,532</u></u>

See notes to financial statements.

FoodCorps, Inc.
Notes to the Financial Statements
June 30, 2011

1. Organization:

FoodCorps, Inc. is a New York nonprofit corporation chartered on November 15, 2010. Through its national staff, partner organizations, and the network of emerging leaders in its AmeriCorps public service program, FoodCorps seeks to give vulnerable children an enduring relationship with healthy food. Its primary program is a national service initiative currently active in ten states that partners with public schools to teach children about food and nutrition, offer opportunities for hands-on engagement with healthy food in school gardens, and provide regular daily access to farm-fresh food in school meals. FoodCorps is a nonprofit public charity recognized under section 501(c) 3 of the IRS Code.

FoodCorps receives the majority of its funding from foundation and government grants, individual donations, corporate sponsorships, and cost-share payments from its nonprofit partner organizations.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

a. Accrual Basis Financial Statements

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

b. Net Assets

The net assets of FoodCorps, Inc. and changes therein are classified and reported as follows:

- Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate FoodCorps to utilize funds in furtherance of its mission.
- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by FoodCorps, which fulfill the restrictions, or because of the passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor restricted contributions utilized in the same year received are reported as program revenue in unrestricted net assets.

c. Cash and Cash Equivalents

FoodCorps considers cash on deposit, cash on hand and certificates of deposit with original maturities of less than three months when purchased (if any) to be cash equivalents.

FoodCorps, Inc.
Notes to the Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies: (Continued)

d. Fair Value Measurements

Fair market value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. FoodCorps must determine whether its assets and liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs), or Level 3 (valued based on significant unobservable inputs) measurements within the fair value hierarchy.

e. Fixed Assets

Fixed assets are stated at cost, or, if donated, at the estimated fair market value at the date of donation. Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives.

Estimated useful lives are:

Equipment	5-10 years
Furniture and fixtures	5-10 years
Leasehold improvements	2-5 years

FoodCorps had no fixed assets for which disclosures were required at June 30, 2011.

f. Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

g. Government Grants

Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, FoodCorps establishes advances from governmental sources.

h. Donated Use of Facilities and Equipment

The value of donated facilities is calculated based on the estimated fair rental value of the space used. The fair rental value is the amount that would be charged for similar space that is rented under similar terms. Since the free use of facilities is not promised for any specified period of time, FoodCorps recognizes the contribution and related expense for the period it occupies the free office space. The donated use of equipment is calculated based upon the estimated fair rental value of the items used.

FoodCorps, Inc.
Notes to the Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies: (Continued)

i. Donated Services

FoodCorps receives services donated by individuals to facilitate carrying out FoodCorps' nonprofit purpose. Amounts are reflected on the financial statements for those services where there is a reliable basis for determining an appropriate amount.

j. Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

k. Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies.

l. Accounting for Uncertainty in Income Taxes

FoodCorps' current accounting policy is to disclose liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor is it aware of any exposure to unrelated business income tax.

m. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Grants Receivable:

Grants receivable amounted to \$420,472 at June 30, 2011 and consisted of grants from organizations promised prior to fiscal year end, but received subsequent to fiscal year end.

FoodCorps, Inc.
Notes to the Financial Statements
June 30, 2011

4. Donated Goods and Services:

Donated goods and services valued at \$113,170 were donated to FoodCorps and have been disclosed in the accompanying statement of activities.

5. Donated Use of Facilities:

FoodCorps uses space, without charge, at their facility. The estimated fair rental value of the facilities for the 2011 fiscal year is \$2,052. This amount is recorded as donated use of facilities and corresponding rent expense in the accompanying financial statements.

6. Lease Commitments:

FoodCorps currently rents office space. Current year rent payments totaled \$2,052 and were charged to occupancy. The lease did not begin until September 1, 2011 and will end on August 31, 2014.

The future estimated minimum lease payments for each of the four succeeding fiscal years are as follows:

Year Ending June 30,

2012	\$19,733
2013	24,272
2014	25,000
2015 and thereafter	4,187

7. Subsequent Events:

Management of FoodCorps evaluated subsequent events through November 30, 2011, which is the date the financial statements were available to be issued. They discovered no additional subsequent events.

FoodCorps, Inc.
Schedule of Functional Expenses
From Inception to June 30, 2011

	Program Services	Supporting Services		Totals
		Management and General	Fundraising	
Personnel:				
Salaries and wages	\$ 47,437	\$ 19,782	\$ 14,171	\$ 81,390
Fringe benefits	2,888	1,204	863	4,955
Payroll taxes	<u>4,590</u>	<u>1,914</u>	<u>1,372</u>	<u>7,876</u>
Total personnel expenses	<u>54,915</u>	<u>22,900</u>	<u>16,406</u>	<u>94,221</u>
Occupancy expense	1,213	506	362	2,081
Travel and transportation	12,840	213	586	13,639
Professional fees	10,516	119,379	4,433	134,328
Technology expense	897	5,812		6,709
Office expense	780	111	21	912
Insurance	874	365	261	1,500
Postage and printing	2,074	865	619	3,558
Miscellaneous	<u>969</u>	<u>404</u>	<u>290</u>	<u>1,663</u>
Subtotal	<u>30,163</u>	<u>127,655</u>	<u>6,572</u>	<u>164,390</u>
Total expenses	<u>\$ 85,078</u>	<u>\$ 150,555</u>	<u>\$ 22,978</u>	<u>\$ 258,611</u>

See auditor's report on supplementary information.