

FoodCorps, Inc.

Financial Statements
and
Auditor's Report

For the Year Ended June 30, 2012

FoodCorps, Inc.

Table of Contents

Independent Auditor's Report

Financial Statements:

Statement of Financial Position Page 4

Statement of Activities Page 5

Statement of Cash Flows Page 6

Notes to the Financial Statements Page 7

Supplementary Information:

Supplemental Schedule of Expenses Page 11

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, 2012 and the related statements of activities, and cash flows for the year then ended. 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, 2012 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 27, 2012

FoodCorps, Inc.
Statement of Financial Position
June 30, 2012

ASSETS

Cash and cash equivalents	\$ 651,642
Grants receivable	3,661,944
Prepaid expenses	39,005
Security deposit	<u>5,920</u>
Total assets	<u><u>\$4,358,511</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 23,994
Accrued salaries and related payroll liabilities	<u>86,558</u>
Total liabilities	<u>110,552</u>
Net assets:	
Unrestricted	452,446
Temporarily restricted	<u>3,795,513</u>
Total net assets	<u>4,247,959</u>
Total liabilities and net assets	<u><u>\$4,358,511</u></u>

See notes to financial statements.

FoodCorps, Inc.
Statement of Activities
For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Totals
Support, revenue, and releases:			
Grant revenue	\$ 293,825	\$ 5,009,901	\$ 5,303,726
Contributions	197,064		197,064
Program service revenue	192,920		192,920
Donated professional services	65,763		65,763
Investment income	46		46
Net assets released from restrictions	<u>1,559,388</u>	<u>(1,559,388)</u>	<u> </u>
Total support, revenue, and releases	<u>2,309,006</u>	<u>3,450,513</u>	<u>5,759,519</u>
Expenses:			
Program	1,649,832		1,649,832
Supporting services:			
Administration	204,711		204,711
Fundraising	<u>193,729</u>	<u> </u>	<u>193,729</u>
Total expenses	<u>2,048,272</u>	<u> </u>	<u>2,048,272</u>
Change in net assets	260,734	3,450,513	3,711,247
Net assets at beginning of year	<u>191,712</u>	<u>345,000</u>	<u>536,712</u>
Net assets at end of year	<u><u>\$ 452,446</u></u>	<u><u>\$ 3,795,513</u></u>	<u><u>\$ 4,247,959</u></u>

See notes to financial statements.

FoodCorps, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2012

Cash flows from operating activities:	
Change in net assets	\$3,711,247
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) in:	
Grants receivable	(3,241,472)
Prepaid expenses and other assets	(37,805)
Security deposit	(5,920)
Increase in:	
Accounts payable and accrued expenses	15,743
Accrued salaries and related payroll expenses	<u>73,317</u>
Net cash provided by operating activities	<u>515,110</u>
Net increase in cash	515,110
Cash and cash equivalents at beginning of period	<u>136,532</u>
Cash and cash equivalents at end of period	<u>\$ 651,642</u>

See notes to financial statements.

FoodCorps, Inc.
Notes to the Financial Statements
June 30, 2012

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, 2012

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. Grants Receivable

FoodCorps considers all accounts, grants and pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

f. 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, 2012.

g. 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.

h. 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.

FoodCorps, Inc.
Notes to the Financial Statements
June 30, 2012

2. Summary of Significant Accounting Policies: (Continued)

i. Donated Services

Donated services are recognized as if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals who possess those skills, and would otherwise need to be purchased by the organization. These services are valued based on the estimated cost of services that would otherwise have to have been purchased.

j. Allocation of Functional Expenses

The cost of providing FoodCorps' programs, administrative, and fundraising services has been summarized on a functional basis in the accompanying statement of activities. Directly identifiable expenses are charged to programs, administrative, and fundraising services. Certain indirect costs have been allocated in reasonable ratios as determined by management.

k. 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.

l. 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.

m. Concentration of Risk:

Concentration of risk arises from cash deposits in a bank in excess of the federally insured limit of \$250,000. Non-interest bearing transaction accounts are federally insured with no limits through December 31, 2012. Cash and cash equivalents in accounts other than non-interest bearing transaction accounts in excess of the federally insured limit amounted to \$427,245 at June 30, 2012.

3. Grants Receivable:

Grants receivable amounted to \$3,661,944 at June 30, 2012 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, 2012

4. Donated Services:

FoodCorps received professional donated services valued at \$65,763. Donated professional services are recorded as revenue and expense in the accompanying financial statements at their estimated fair values, and were allocated on a functional basis as follows: Program \$52,610, Administration \$6,577, and Fundraising \$6,576.

5. Lease Commitments:

FoodCorps currently leases office space under a 36 month lease which expires on August 31, 2014. Current year rent payments totaled \$19,733 and were charged to occupancy.

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

Year Ending June 30,	
2013	\$24,272
2014	25,000
2015 and thereafter	<u>4,187</u>
Total	<u>\$53,459</u>

6. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

Grants receivable – time restrictions	\$3,318,797
Executive coaching	300,000
Service member stipends	145,883
Sponsorships	<u>30,833</u>
	<u>\$3,795,513</u>

7. Subsequent Events:

Management of FoodCorps evaluated subsequent events through November 27, 2012, which is the date the financial statements were available to be issued.

As of July 1, 2012, FoodCorps has entered into a new lease for additional office space in Portland, Oregon. The term of the lease will be for one year and annual payments will approximate \$14,400.

FoodCorps, Inc.
Schedule of Functional Expenses
For the Year Ended June 30, 2012

		<u>Supporting Services</u>		
	Program	Administration	Fundraising	Totals
Personnel:				
Salaries and wages	\$ 969,376	\$ 109,970	\$ 129,056	\$ 1,208,402
Fringe benefits	96,176	10,911	12,804	119,891
Payroll taxes	<u>79,086</u>	<u>9,203</u>	<u>11,163</u>	<u>99,452</u>
Total personnel expenses	<u>1,144,638</u>	<u>130,084</u>	<u>153,023</u>	<u>1,427,745</u>
Professional fees	148,512	36,114	14,051	198,677
Travel and transportation	186,772	15,404	6,778	208,954
Communications	94,551	5,326	2,528	102,405
Occupancy expense	20,808	2,601	2,601	26,010
Nonpersonnel expenses	<u>54,551</u>	<u>15,182</u>	<u>14,748</u>	<u>84,481</u>
Subtotal	<u>505,194</u>	<u>74,627</u>	<u>40,706</u>	<u>620,527</u>
Total expenses	<u>\$ 1,649,832</u>	<u>\$ 204,711</u>	<u>\$ 193,729</u>	<u>\$ 2,048,272</u>

See auditor's report on supplementary information.