

FOODCORPS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2014

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TABLE OF CONTENTS

	<u>PAGE NO.</u>
INDEPENDENT AUDITORS' REPORT	1-2
 FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-10
 SUPPLEMENTARY SCHEDULE:	
STATEMENT OF FUNCTIONAL EXPENSES	11



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INDEPENDENT AUDITORS' REPORT

Board of Directors
FoodCorps, Inc.
New York, New York

We have audited the accompanying financial statements of FoodCorps, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FoodCorps, Inc. as of July 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Respectfully submitted,

Rosenberg & Manente, PLLC

Rosenberg and Manente
Certified Public Accountants, PLLC
Great Neck, New York

January 27, 2015

FOODCORPS, INC.

STATEMENT OF FINANCIAL POSITION AT JULY 31, 2014

ASSETS

CURRENT ASSETS

Cash	\$	2,240,129
Unconditional Promises to Give		
Unrestricted		16,200
Restricted to Future Programs and Periods		2,735,200
Government Grant Receivables		526,245
Program Service Fees and Other Receivables		121,491
Prepaid Expenses		250,490
Property and Equipment, at Cost (Net of Accumulated Depreciation)		27,750
Security Deposit		10,014
Other Assets		4,558
TOTAL ASSETS	\$	<u>5,932,077</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	78,118
Accrued Expenses		30,092
Credit Cards Payable		35,582
Unearned Revenue		44,070
Accrued Paid Time Off		46,548
Accrued Salaries and Related Expenses		35,310
TOTAL LIABILITIES		<u>269,720</u>

NET ASSETS

Unrestricted		1,338,172
Temporarily Restricted		4,324,185
TOTAL NET ASSETS		<u>5,662,357</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>5,932,077</u>

See Accompanying Notes to Financial Statements

FOODCORPS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT			
Grants	\$ 1,535,227	\$ 5,221,150	\$ 6,756,377
Contributions	787,875	-	787,875
Program Service Revenue	690,043	-	690,043
Donated Professional Services and Gifts In-Kind	65,892	-	65,892
Miscellaneous	1,551	-	1,551
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	3,080,588	5,221,150	8,301,738
Net Assets Released from Restrictions:			
Satisfaction of Time and Program Restrictions	3,618,650	(3,618,650)	-
Total Revenue, Gains and Other Support	6,699,238	1,602,500	8,301,738
EXPENSES			
Program Services	4,527,005	-	4,527,005
Supporting Services:			
Management and General	658,581	-	658,581
Fundraising	892,830	-	892,830
Total Supporting Services	1,551,411	-	1,551,411
Total Expenses	6,078,416	-	6,078,416
INCREASE IN NET ASSETS	620,822	1,602,500	2,223,322
NET ASSETS, BEGINNING OF PERIOD	717,350	2,721,685	3,439,035
NET ASSETS, ENDING OF PERIOD	\$ 1,338,172	\$ 4,324,185	\$ 5,662,357

FOODCORPS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2014

CASH FLOW FROM OPERATING ACTIVITIES

Increase in Net Assets	\$ 2,223,322
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	20,201
Decrease (Increase) in:	
Unconditional Promises to Give	(722,238)
Government Grant Receivables	(526,245)
Program Service Fees and Other Receivables	(89,521)
Prepaid Expenses	(34,266)
Other Assets	933
Increase (Decrease) in:	
Accounts Payable	70,006
Accrued Expenses	(19,476)
Credit Cards Payable	28,565
Unearned Revenue	(60,285)
Accrued Paid Time Off	16,442
Accrued Salaries and Related Expenses	(80,756)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>826,682</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	<u>(22,651)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(22,651)</u>

NET INCREASE IN CASH	804,031
CASH - BEGINNING OF YEAR	<u>1,436,098</u>
CASH - END OF YEAR	<u><u>\$ 2,240,129</u></u>

SUPPLEMENTAL DISCLOSURE:

Cash Paid During the Year For:

Interest	\$ <u><u>-</u></u>
Taxes	\$ <u><u>-</u></u>

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2014

NOTE 1- NATURE OF ORGANIZATION:

Business Operations

FoodCorps, Inc. (FoodCorps or the “Organization”) 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. FoodCorps is a nonprofit public charity recognized under section 501(c)3 of the IRS code.

FoodCorps fielded its third class during the fiscal period under audit, supporting 125 service members and 15 fellows throughout their yearlong term of service. Working across 15 states to implement FoodCorps program’s three pillars, these emerging leaders helped transform school food environments into healthier places for children to learn and grow:

- Knowledge: FoodCorps service members taught 120,364 students about what healthy food is and where it comes from.
- Engagement: FoodCorps service members built or revitalized 432 school and community gardens where children had a chance to grow and taste fresh food.
- Access: FoodCorps service members introduced 268 new ingredients into school lunch menus, giving children regular access to the healthy foods they’ve studied and grown.

Looking ahead to the next fiscal period, the Organization is expanding its operations from 15 states to 17 sites (16 states and the District of Columbia), growing its service force by 45%, and engaging in strategic planning that will further hone the Organization’s program design to maximize impact and lay the groundwork for future scale.

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

FoodCorps Service Members are AmeriCorps members who serve with and through the organization. Each one commits to an eleven-month term of paid public service building healthy school food environments in limited-resource communities.

The Organization also fields statewide team leaders, or FoodCorps Fellows, who guide and support their state’s cohort of service members, assist the Organization in program implementation within their state and region, and build statewide capacity for the Organization’s programming under the direction of their Host Site.

Host Sites are the state-level partners of the Organization that oversee program implementation in their region. In partnership with FoodCorps, Host Sites also are responsible for building and overseeing their state’s network of Service Sites, community-level partners that directly supervise a service member or service team. Host and Service Site partners can be nonprofit organizations, public schools or districts, government agencies or academic institutions.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2014

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the direct write-off method when unconditional promises receivable are deemed uncollectible. The direct write-off is based upon management's analysis of specific promises made.

Revenue Recognition

Revenues and expenses are recorded on the accrual basis. Revenues received for future periods are deferred to the applicable year.

Property, Plant and Equipment

Fixed assets are stated at cost. Depreciation is provided on the straight-line method or accelerated method over the estimated useful lives of the assets.

Preliminary project stage or evaluation phase expenses and post implementation expenses relating to the customization of the Organization's database (or other future software investments) are expensed in the period in which they are incurred. Expenses relating to work to develop and further customize the Organization's database and/or future software-related projects after technological feasibility is determined are capitalized.

Website and Database

Expenditures in relation to the development, modification and maintenance of the Organization's website and database are recorded as expenses in the period in which they were incurred.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets – Net Assets that are either not subject to donor-imposed stipulations, or have been reclassified from temporarily restricted net assets because donor restrictions have either expired or been met.

Temporarily Restricted Net Assets – Net assets that carry donor-imposed restrictions that expire upon the passage of time or upon occurrence of a stated event as specified by the donor. Net assets released from restrictions represent the satisfaction of the restricted purpose.

Permanently Restricted- Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Volunteer Services

During the year ended July 31, 2014, many individuals volunteered their time and performed a variety of tasks that assisted the Organization. However, these services do not meet the criteria for recognition as contributed services.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2014

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Contributions

Under Accounting Standards Board (FASB) ASC 958, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

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

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is subject to routine audits by various federal, state and local taxing authorities; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2011.

The Organization accounts for uncertain tax positions in accordance with Financial Accounting Standards Board (FASB) ASC 740. FASB ASC 740 prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The interpretation also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization adopted the provisions of FASB ASC 740 upon its inception. There was no impact on the total net assets as a result of the adoption of FASB ASC 740.

Employee Benefit Plan

Eligible employees are invited to participate in the Organization's 401(k) plan. The Organization provides a 50% match to employee contributions up to \$3,000 per year. Matches are assessed on a calendar year basis. Fellowships are not eligible for the 401(k) benefit.

Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications based upon benefits received.

NOTE 3- FIXED ASSETS

Fixed assets at July 31, 2014 by major classification are summarized as follows:

Furniture and Office Equipment	\$ 60,601
Less: Accumulated Depreciation	<u>(32,851)</u>
Fixed Assets, Net	<u>\$ 27,750</u>

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2014

NOTE 4- LEASE COMMITMENTS AND RENTAL EXPENSE

In July 2011, the Organization entered into a 36 month operating lease for its New York office facilities, which expires on August 31, 2014. Current period rent payments totaled \$25,061 and were charged to occupancy.

The future estimated minimum lease payment for the 2015 fiscal years is \$2,094.

In July 1, 2012, the Organization entered into a one year operating lease for its Portland, Oregon office facilities, option to renew annually may be exercised twice. Current period rent payments totaled \$14,300 and were charged to occupancy. The Organization did not exercise the second option to renew the lease through June 30, 2015.

In August 2014, the Organization entered into a 37 month operating lease for its Portland office facilities, which expires on September 30, 2017.

The future estimated minimum lease payment is as follows:

Year ending July 31:	
2015	\$ 66,000
2016	73,980
2017	76,195
2018	<u>12,919</u>
Total	<u>\$ 229,094</u>

NOTE 5- EMPLOYEE BENEFIT PLANS

During the year ended July 31, 2014, the organization contributed \$44,300 to the 401(K) plan to meet the 50% employer match.

NOTE 6- UNEARNED REVENUE

At July 31, 2014, the Organization had unearned revenue of \$44,070 from program service fees.

NOTE 7- COMMITMENTS AND CONTINGENCIES

Certain grants and contracts may be subject to audit by funding sources. Such audits may result in disallowance of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE 8- CONCENTRATION OF CREDIT RISK

The Organization, at times, maintains deposits with financial institutions in excess of amounts insured by the FDIC.

Unconditional promises to give, government grant receivable and program service fee receivables are due to the Organization from various contributors and institutions well known to the Organization. Management has assessed the credit risk associated with these receivables and has determined that an allowance for potential loss due to credit risk is not necessary for the year ended July 31, 2014

NOTE 9- RELATED PARTY

Various members of FoodCorps board of directors also serve on the boards of unrelated Organizations that made contributions to FoodCorps during the year ended July 31, 2014.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2014

NOTE 10- NET ASSETS

Unrestricted

At July 31, 2014, the Organization had \$1,338,172 in unrestricted net assets. Unrestricted grants include amounts received from various state and federal agencies which are for use in the furthering of the organizations mission. Unearned amounts from such grants have not been accrued in the accompanying financial statements.

Permanently Restricted

At July 31, 2014, the Organization had no permanently restricted net assets.

Temporarily Restricted

At July 31, 2014, the total restricted net assets of \$4,324,185 are available for the following purposes:

FY 2015 Program Support	\$ 1,050,000
Operating Reserve	500,000
Program/ Evaluation FY 2015 & 2016	350,000
Purpose Restriction State Specific	149,185
Time Restriction Multi-Year FY 2015, 2016, 2017	1,925,000
Time Restriction FY 2015	185,000
Other Restrictions	<u>165,000</u>
Total Temporarily Restricted	<u>\$ 4,324,185</u>

NOTE 11- OTHER ASSETS

Other Assets included in the accompanying balance sheet consist of an escrow deposit and Heath Savings Account claims totaling \$4,558.

NOTE 12- TRAINING AND STAFF DEVELOPMENT

The Organization provides training for its fellows and service members in order for them to effectively carryout its mission on the ground. As part of this training the Organization's hosts an annual training conference. The applicable travel, meals and lodging expenses for this training conference are accordingly included in program expenses in the accompanying financial statements.

NOTE 13- DONATED SERVICES

Donated goods and services that meet the requirements for recognition are recorded as revenue and expenses in the accompanying statement of activities. The Organization has received donated legal services totaling \$57,310 for the year ended July 31, 2014, which has been included in professional fees in the accompanying financial statements. The value of the legal services is based upon estimates provided by the donors.

NOTE 14- SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 27, 2015, which is the date the financial statements were available to be issued and determined no adjustments to the financial statements or additional disclosures are necessary.

FOODCORPS, INC.
SUPPLEMENTARY SCHEDULES

FOODCORPS, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JULY 31, 2014

	Program Services	Management and General	Development and Fundraising	Total
Personal Service Expenses				
Salaries and Temporary Services	\$ 2,919,608	\$ 250,507	\$ 530,119	\$ 3,700,234
Employee Benefits	347,255	48,241	78,587	474,083
Payroll Taxes	183,875	56,568	68,943	309,386
Research and Evaluation				
Research and Evaluation Consultants	77,337	-	-	77,337
Database Hosting and Maintenance	-	6,872	26,513	33,385
Building and Occupancy				
Rent	6,674	25,111	18,905	50,690
Utilities	896	1,643	-	2,539
Technology and Communications				
Website, Press and Media	11,350	-	17,357	28,707
Photo and Video	1,760	1,800	22,107	25,667
Telephone and Internet	9,116	13,198	4,358	26,672
Computer Expenses	11,725	2,010	3,372	17,107
Depreciation and Amortization	7,285	7,395	5,521	20,201
Training and Staff Development				
Consulting	32,674	-	-	32,674
Uniforms	19,535	-	2,289	21,824
Conferences	101,189	810	5,380	107,379
Travel, Meals and Lodging	569,627	3,107	6,294	579,028
Printing	17,951	634	3,882	22,467
Other Training and Staff Development	5,086	284	85	5,455
Administrative and Other				
Compliance	11,441	5,709	12,709	29,859
Consulting	15,750	21,000	7,100	43,850
Insurance and Other Administrative Expenses	41,453	5,913	721	48,087
Payroll, Bank and Merchant Processing	114	32,556	5,742	38,412
Postage and Delivery	9,613	1,890	1,959	13,462
Professional Fees	28,091	119,861	1,026	148,978
Supplies and Reference Materials	44,699	8,136	7,026	59,861
Travel, Meals and Lodging	52,901	45,336	62,835	161,072
Total Expenses	\$ 4,527,005	\$ 658,581	\$ 892,830	\$ 6,078,416
Percentage of Total Expenses	74.5%	10.8%	14.7%	100.0%

See Independent Auditors' Report