

FOODCORPS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2015
(With Comparative Totals for 2014)

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ROSENBERG & MANENTE, PLLC
Certified Public Accountants

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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, 2015, and the related statements of activities, cash flows and statement of functional expenses 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.

Auditors' 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, 2015, 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.



ROSENBERG & MANENTE, PLLC
Certified Public Accountants

Report on Summarized Comparative Information

We have previously audited the FoodCorps, Inc.'s July 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Respectfully submitted,

Rosenberg & Manente, PLLC

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

January 21, 2016

FOODCORPS, INC.
STATEMENT OF FINANCIAL POSITION
AT JULY 31,

ASSETS	2015	2014
CURRENT ASSETS		
Cash	\$ 3,736,434	\$ 2,240,129
Unconditional Promises to Give		
Unrestricted	-	16,200
Restricted to Future Programs and Periods	5,223,133	2,735,200
Government Grant Receivables	386,158	526,245
Program Service Fees and Other Receivables	275,782	121,491
Prepaid Expenses	260,503	250,490
Property and Equipment, at Cost (Net of Accumulated Depreciation)	10,529	27,750
Security Deposit	100,701	10,014
Other Assets	-	4,558
TOTAL ASSETS	\$ 9,993,240	\$ 5,932,077
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 62,288	\$ 78,118
Accrued Expenses	38,993	30,092
Credit Cards Payable	14,222	35,582
Unearned Revenue	33,500	44,070
Accrued Paid Time Off	51,248	46,548
Accrued Salaries and Related Expenses	53,734	35,310
TOTAL LIABILITIES	253,985	269,720
NET ASSETS		
Unrestricted	1,879,466	1,338,172
Temporarily Restricted	7,859,789	4,324,185
TOTAL NET ASSETS	9,739,255	5,662,357
TOTAL LIABILITIES AND NET ASSETS	\$ 9,993,240	\$ 5,932,077

See Accompanying Notes to Financial Statements

FOODCORPS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
(With Comparative Totals For the Year Ended July 31, 2014)

	<u>JULY 31, 2015</u>			<u>JULY 31, 2014</u>
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL</u>
REVENUES, GAINS AND OTHER SUPPORT				
Grants	\$ 2,676,227	\$ 5,130,650	\$ 7,806,877	\$ 6,756,377
Contributions	740,922	3,177,500	3,918,422	787,875
Program Service Revenue	937,571	-	937,571	690,043
Donated Professional Services and Gifts In-Kind	65,561	-	65,561	65,892
Miscellaneous	6,309	-	6,309	1,551
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	4,426,590	8,308,150	12,734,740	8,301,738
Net Assets Released from Restrictions:				
Satisfaction of Time and Program Restrictions	4,772,546	(4,772,546)	-	-
Total Revenue, Gains and Other Support	9,199,136	3,535,604	12,734,740	8,301,738
EXPENSES				
Program Services	6,897,685	-	6,897,685	4,527,005
Supporting Services:				
Management and General	788,643	-	788,643	658,581
Fundraising	971,514	-	971,514	892,830
Total Supporting Services	1,760,157	-	1,760,157	1,551,411
Total Expenses	8,657,842	-	8,657,842	6,078,416
INCREASE IN NET ASSETS	541,294	3,535,604	4,076,898	2,223,322
NET ASSETS, BEGINNING OF PERIOD	1,338,172	4,324,185	5,662,357	3,439,035
NET ASSETS, ENDING OF PERIOD	\$ 1,879,466	\$ 7,859,789	\$ 9,739,255	\$ 5,662,357

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

	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 4,076,898	\$ 2,223,322
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	21,691	20,201
Decrease (Increase) in:		
Unconditional Promises to Give	(2,471,733)	(722,238)
Government Grant Receivables	140,087	(526,245)
Program Service Fees and Other Receivables	(154,291)	(89,521)
Prepaid Expenses	(10,013)	(34,266)
Other Assets	(86,129)	933
Increase (Decrease) in:		
Accounts Payable	(15,830)	70,006
Accrued Expenses	8,901	(19,476)
Credit Cards Payable	(21,360)	28,565
Unearned Revenue	(10,570)	(60,285)
Accrued Paid Time Off	4,700	16,442
Accrued Salaries and Related Expenses	18,424	(80,756)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,500,775	826,682
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(4,470)	(22,651)
NET CASH USED BY INVESTING ACTIVITIES	(4,470)	(22,651)
NET INCREASE IN CASH	1,496,305	804,031
CASH - BEGINNING OF YEAR	2,240,129	1,436,098
CASH - END OF YEAR	\$ 3,736,434	\$ 2,240,129
SUPPLEMENTAL DISCLOSURE:		
Cash Paid During the Year For:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

FOODCORPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2015
(With Comparative Totals For the Year Ended July 31, 2014)

	JULY 31, 2015				JULY 31, 2014
	Program Services	Management and General	Development and Fundraising	Total	Total
Personal Service Expenses					
Salaries and Temporary Services	\$ 4,532,712	\$ 310,453	\$ 541,907	\$ 5,385,072	\$ 3,700,234
Employee Benefits	589,926	89,814	65,908	745,648	474,083
Payroll Taxes	394,802	14,100	34,495	443,397	309,386
Research and Evaluation					
Research and Evaluation Consultants	173,004	-	-	173,004	77,337
Database Hosting and Maintenance	4,695	6,728	53,168	64,591	33,385
Building and Occupancy					
Rent	84,334	29,882	52,161	166,377	50,690
Utilities	6,807	2,412	4,210	13,429	2,539
Technology and Communications					
Website, Press and Media	-	-	249	249	28,707
Photo and Video	638	-	10,527	11,165	25,667
Telephone and Internet	14,425	5,111	8,922	28,458	26,672
Consulting	-	1,133	39,385	40,518	-
Computer Expenses	28,294	15,202	13,349	56,845	17,107
Depreciation and Amortization	8,775	7,395	5,521	21,691	20,201
Training and Staff Development					
Consulting	32,797	-	-	32,797	32,674
Uniforms	16,453	-	1,076	17,529	21,824
Conferences	144,008	1,455	7,074	152,537	107,379
Travel, Meals and Lodging	576,376	-	-	576,376	579,028
Printing	30,940	1,059	8,945	40,944	22,467
Other Training and Staff Development	10,277	2,755	3,479	16,511	5,455
Administrative and Other					
Compliance	16,780	11,715	261	28,756	29,859
Consulting	-	9,555	5,449	15,004	43,850
Grants to Other Organizations	26,000	-	5,000	31,000	-
Insurance and Other Administrative Expenses	23,264	1,739	10,533	35,536	48,087
Payroll, Bank and Merchant Processing	524	27,254	979	28,757	38,412
Postage and Delivery	7,444	6,722	2,588	16,754	13,462
Professional Fees	28,175	179,659	38,671	246,505	148,978
Supplies and Reference Materials	93,149	24,574	8,677	126,400	59,861
Travel, Meals and Lodging	53,086	39,926	48,980	141,992	161,072
Total Expenses	\$ 6,897,685	\$ 788,643	\$ 971,514	\$ 8,657,842	\$ 6,078,416

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2015
(With Comparative Totals for 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 connect children to healthy food in school. FoodCorps is a nonprofit public charity recognized under section 501(c)3 of the IRS code.

FoodCorps fielded its fourth class of leaders during the fiscal period under audit, supporting 182 service members and 17 fellows throughout their yearlong term of service. Working across 16 states and Washington, D.C. to implement the FoodCorps program's three pillars, these emerging leaders helped transform school food environments into healthier places for children to eat, learn and grow:

- Knowledge: FoodCorps service members taught 182,893 students about what healthy food is and where it comes from.
- Engagement: FoodCorps service members tended 671 school and community gardens where children had a chance to grow and taste fresh food.
- Access: FoodCorps service members introduced 434 new ingredients and recipes onto school lunch menus, giving children regular access to the healthy foods they've studied and grown.

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 fostering healthy school food environments in limited-resource communities.

FoodCorps Fellows, the Organization's statewide team leaders 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 are also 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.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 allowance method to determine un-collectable unconditional promises and program service fee receivables. Management has determined that no allowance is needed based upon prior years' experience and managements' analysis of specific receivables.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2015
(With Comparative Totals for 2014)

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

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 years ended July 31, 2015 and 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.

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.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2015
(With Comparative Totals for 2014)

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

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 by major classification are summarized as follows:

	July 31, 2015	July 31, 2014
Furniture and Office Equipment	\$ 65,070	\$ 60,601
Less: Accumulated Depreciation	<u>(54,541)</u>	<u>(32,851)</u>
Fixed Assets, Net	<u>\$ 10,529</u>	<u>\$ 27,750</u>

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 was extended and expires on August 31, 2015. During year ended July 31, 2015 and 2014, rent payments totaled \$29,309 and \$25,061 and were charged to occupancy.

The future estimated minimum lease payment for the 2016 fiscal years is \$2,094.

In August 2014, the Organization entered into a 37 month operating lease for its Portland office facilities, which expires on September 30, 2017. During year ended July 31, 2015 and 2014, the rent payments totaled \$66,000 and \$0.

The future estimated minimum lease payment is as follows:

	Year ending July 31:
2016	\$ 73,980
2017	76,195
2018	<u>12,919</u>
Total	<u>\$ 193,094</u>

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2015
(With Comparative Totals for 2014)

NOTE 4- LEASE COMMITMENTS AND RENTAL EXPENSE (CONTINUED)

In February 2015, the Organization entered into a 5 year operating lease for its New York office facilities, which expires on February 29, 2020. During year ended July 31, 2015 and 2014, the rent payments totaled \$53,393 and \$0.

The future estimated minimum lease payment is as follows:

	Year ending July 31:	
2016		\$ 108,387
2017		111,639
2018		114,988
2019		118,437
2020		<u>70,410</u>
Total		<u>\$ 523,861</u>

NOTE 5- EMPLOYEE BENEFIT PLANS

During the year ended July 31, 2015 and 2014, the organization contributed \$53,253 and \$44,300 to the 401(K) plan to meet the 50% employer match.

NOTE 6- UNEARNED REVENUE

At July 31, 2015 and 2014, the Organization had unearned revenue of \$33,500 and \$44,070 from program service fees. Program service fees are earned as the participating member site complete their program year.

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 years ended July 31, 2015 and 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, 2015 and 2014.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2015
(With Comparative Totals for 2014)

NOTE 10- NET ASSETS

Unrestricted

At July 31, 2015 and 2014, the Organization had \$1,879,466 and \$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, 2015 and 2014, the Organization had no permanently restricted net assets.

Temporarily Restricted

At July 31, 2015 and 2014, the total restricted net assets of \$7,859,789 and \$4,324,185 are available for the following purposes:

	<u>July 31, 2015</u>	<u>July 31, 2014</u>
FY 2015 Program Support	\$ -0-	\$ 1,050,000
FY 2016 Program Support	2,065,241	-0-
Operating Reserve	-0-	500,000
Program/ Evaluation FY 2015 & 2016	163,342	350,000
Purpose Restriction State Specific	401,135	149,185
Time Restriction Multi-Year FY 2016-2019	2,860,000	1,925,000
Time Restriction FY 2016	2,365,071	-0-
Time Restriction FY 2015	5,000	185,000
Other Restrictions	-0-	165,000
Total Temporarily Restricted	<u>\$ 7,859,789</u>	<u>\$ 4,324,185</u>

NOTE 11- OTHER ASSETS

Other Assets included in the accompanying balance sheet at July 31, 2015 and 2014 consist of an escrow deposit and Heath Savings Account claims totaling \$-0- and \$4,558.

NOTE 12- TRAINING AND STAFF DEVELOPMENT (As reported on the Statement of Functional Expenses)

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 AND DONATIONS IN KIND

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 \$65,561 and \$57,310 for the years ended July 31, 2015 and 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. Other In-kind donations consisting of goods and supplies which totaled \$0 and \$10,000 for the year ended July 31, 2015 and 2014.

NOTE 14- SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 21, 2016, 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.