



FOODCORPS, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JULY 31, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
FoodCorps, Inc.
Portland, Oregon

We have audited the accompanying financial statements of FoodCorps, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2016, and the related statements of activities, cash flows and 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, 2016, 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.

INDEPENDENT AUDITORS' REPORT – FYE JULY 31, 2016

Report on Summarized Comparative Information

We have previously audited the FoodCorps, Inc.'s July 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



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

February 15, 2017

FOODCORPS, INC.

**STATEMENTS OF FINANCIAL POSITION
JULY 31, 2016 AND 2015**

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,753,779	\$ 3,736,434
Unconditional Promises to Give:		
Restricted to Future Programs and Periods	6,801,490	5,223,133
Government Grant Receivables	499,410	386,158
Program Service Fees and Other Receivables	55,966	275,782
Prepaid Expenses	294,910	260,503
Property and Equipment, Net of Accumulated Depreciation	68,413	10,529
Security Deposit	59,117	100,701
TOTAL ASSETS	\$ 10,533,085	\$ 9,993,240
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 373	\$ 62,288
Accrued Expenses	121,832	38,993
Credit Cards Payable	91,596	14,222
Unearned Revenue	25,000	33,500
Accrued Paid Time Off	68,794	51,248
Accrued Salaries and Related Expenses	95,809	53,734
TOTAL LIABILITIES	403,404	253,985
NET ASSETS		
Unrestricted	1,461,511	1,879,466
Temporarily Restricted	8,668,170	7,859,789
TOTAL NET ASSETS	10,129,681	9,739,255
TOTAL LIABILITIES AND NET ASSETS	\$ 10,533,085	\$ 9,993,240

See Accompanying Notes to Financial Statements

FOODCORPS, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2016
(With Comparative Totals for the Year Ended July 31, 2015)**

	<u>JULY 31, 2016</u>			<u>JULY 31, 2015</u>
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL</u>
REVENUES, GAINS AND OTHER SUPPORT				
Grants	\$ 2,634,169	\$ 2,750,294	\$ 5,384,463	\$ 7,806,877
Contributions	1,133,438	3,265,000	4,398,438	3,918,422
Program Service Revenue	969,779	-	969,779	937,571
Donated Professional Services and Gifts In-Kind	506,650	-	506,650	65,561
Miscellaneous	197	-	197	7,292
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	5,244,233	6,015,294	11,259,527	12,735,723
Net Assets Released from Restrictions:				
Satisfaction of Time and Program Restrictions	5,206,913	(5,206,913)	-	-
Total Revenue, Gains and Other Support	10,451,146	808,381	11,259,527	12,735,723
EXPENSES				
Program Services	8,264,769	-	8,264,769	6,897,685
Supporting Services:				
Management and General	960,095	-	960,095	789,626
Development and Fundraising	1,644,237	-	1,644,237	971,514
Total Supporting Services	2,604,332	-	2,604,332	1,761,140
Total Expenses	10,869,101	-	10,869,101	8,658,825
CHANGES IN NET ASSETS	(417,955)	808,381	390,426	4,076,898
NET ASSETS, BEGINNING OF PERIOD	1,879,466	7,859,789	9,739,255	5,662,357
NET ASSETS, ENDING OF PERIOD	\$ 1,461,511	\$ 8,668,170	\$ 10,129,681	\$ 9,739,255

See Accompanying Notes to Financial Statements

FOODCORPS, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2016 AND 2015**

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 390,426	\$ 4,076,898
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	9,040	21,691
Decrease (Increase) in:		
Unconditional Promises to Give	(1,578,357)	(2,471,733)
Government Grant Receivables	(113,252)	140,087
Program Service Fees and Other Receivables	219,816	(154,291)
Prepaid Expenses	(34,407)	(10,013)
Security Deposits	41,584	-
Other Assets	-	(86,129)
Increase (Decrease) in:		
Accounts Payable	(61,915)	(15,830)
Accrued Expenses	82,839	8,901
Credit Cards Payable	77,374	(21,360)
Unearned Revenue	(8,500)	(10,570)
Accrued Paid Time Off	17,546	4,700
Accrued Salaries and Related Expenses	42,075	18,424
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(915,731)	1,500,775
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(66,924)	(4,470)
NET CASH USED IN INVESTING ACTIVITIES	(66,924)	(4,470)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(982,655)	1,496,305
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,736,434	2,240,129
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,753,779	\$ 3,736,434
SUPPLEMENTAL DISCLOSURE:		
Cash Paid During the Year For:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

See Accompanying Notes to Financial Statements

FOODCORPS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JULY 31, 2016
(With Comparative Totals for the Year Ended July 31, 2015)**

	JULY 31, 2016			JULY 31, 2015	
	Program Services	Management and General	Development and Fundraising	Total	Total
Personal Service Expenses					
Salaries and Temporary Services	\$ 5,253,987	\$ 550,891	\$ 959,483	\$ 6,764,361	\$ 5,385,072
Employee Benefits	640,528	84,619	74,599	799,746	745,648
Payroll Taxes	425,223	42,363	67,365	534,951	443,397
Research and Evaluation					
Research and Evaluation Consultants	92,455	-	-	92,455	173,004
Database Hosting and Maintenance	9,616	5,914	12,586	28,116	64,591
Building and Occupancy					
Rent	84,920	42,056	73,285	200,261	166,377
Utilities	7,152	3,064	5,377	15,593	13,429
Technology and Communications					
Website, Press and Media	1,123	110	5,678	6,911	249
Photo and Video	1,431	7	8,054	9,492	11,165
Telephone and Internet	10,380	5,340	8,624	24,344	28,458
Consulting	7,260	-	165,945	173,205	40,518
Computer Expenses	54,384	31,058	13,154	98,596	56,845
Depreciation	2,740	3,577	2,723	9,040	21,691
Training and Staff Development					
Consulting	70,119	7,620	-	77,739	32,797
Uniforms	12,257	-	258	12,515	17,529
Conferences	71,709	1,878	12,165	85,752	152,537
Travel, Meals and Lodging	711,968	-	-	711,968	576,376
Printing	14,197	2,230	8,331	24,758	40,944
Other Training and Staff Development	12,580	1,025	865	14,470	16,511
Administrative and Other					
Compliance	12,542	17,645	32	30,219	28,756
Consulting	399,750	-	16,500	416,250	15,004
Grants to Other Organizations	61,097	-	-	61,097	31,000
Insurance and Other Administrative Expenses	20,737	6,880	31,528	59,145	35,536
Payroll, Bank and Merchant Processing	75	27,997	-	28,072	29,740
Postage and Delivery	9,811	3,617	4,407	17,835	16,754
Professional Fees	72,449	85,730	47,249	205,428	246,505
Supplies and Reference Materials	98,931	10,032	26,560	135,523	126,400
Travel, Meals and Lodging	105,348	26,442	99,469	231,259	141,992
Total Expenses	\$ 8,264,769	\$ 960,095	\$ 1,644,237	\$ 10,869,101	\$ 8,658,825

See Accompanying Notes to Financial Statements

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2016 AND 2015

NOTE 1- NATURE OF ORGANIZATION

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 fifth class of leaders during the fiscal period under audit, supporting 205 service members and 18 fellows throughout their yearlong term of service. Working across 17 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 177,879 students about what healthy food is and where it comes from.
- Engagement: FoodCorps service members tended 828 school and community gardens where children had a chance to grow and taste fresh food.
- Access: FoodCorps service members introduced 664 new ingredients and recipes onto school lunch menus, giving children regular access to the healthy foods they have 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 State Partner.

State Partners are the state-level partners of the Organization that oversee program implementation in their region. In partnership with FoodCorps, State Partners 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. State Partners and Service Site partners can be nonprofit organizations, public schools or districts, government agencies or academic institutions.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

The preparation of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

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.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2016 AND 2015

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 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.

Revenue Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Accordingly, net assets are classified as unrestricted, temporarily restricted, or permanently restricted based on the designation of the donors.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require special skills, and are performed by people with those skills and would otherwise be purchased by the Organization.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Fixed assets are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Furniture and Office Equipment	3 to 5 years
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Financial Statement Presentation

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets (permanently restricted, temporarily restricted, and unrestricted) be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

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. The Organization had no permanently restricted assets at July 31, 2016.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.

Unrestricted - Unrestricted net assets represent the portion of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Volunteer Services

During the years ended July 31, 2016 and 2015, 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 YEARS ENDED JULY 31, 2016 AND 2015

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.

Comparative Information

The financial statements include certain prior-year comparative information that may not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended July 31, 2015, from which the summarized information was derived.

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 2013.

The financial statements effect of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the Statement of Activities.

Employee Benefit Plan

Eligible employees are invited to participate in the Organization's 401(k) plan. The Organization provides a 50% match on each employee's total contribution 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- PROPERTY AND EQUIPMENT

Property and equipment by major classification are summarized as follows:

	<u>2016</u>	<u>2015</u>
Furniture and Office Equipment	\$ 131,994	\$ 65,070
Less: Accumulated Depreciation	<u>63,581</u>	<u>54,541</u>
Property and Equipment, Net	<u>\$ 68,413</u>	<u>\$ 10,529</u>

Depreciation expense for the years ended July 31, 2016 and 2015 was \$9,040 and \$21,691, respectively.

NOTE 4- 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.

The Organization may be involved in legal actions arising in the ordinary course of its business. It is the opinion of Management that such actions will be resolved without material effect on the Organization's financial position.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2016 AND 2015

NOTE 5- LEASE COMMITMENTS AND RENTAL EXPENSE

The Organization leases office and program space under various operating leases expiring at various dates through the fiscal year end 2021.

Future minimum lease payments are as follows:

	Year ended July 31,	
2017	\$	341,238
2018		283,218
2019		278,407
2020		235,179
2021		169,712
Total	<u>\$</u>	<u>1,307,754</u>

Rent expense for the years ended July 31, 2016 and 2015 was \$200,261 and \$166,377, respectively.

NOTE 6- EMPLOYEE BENEFIT PLANS

During the years ended July 31, 2016 and 2015, the Organization contributed \$91,766 and \$53,253 to the 401(k) plan to meet the 50% employer match, respectively.

NOTE 7- UNEARNED REVENUE

As of July 31, 2016 and 2015, the Organization had unearned revenue of \$25,000 and \$33,500 from program service fees, respectively. Program service fees are earned as the participating member sites complete their program year.

NOTE 8- RELATED PARTIES

During the years ended July 31, 2016 and 2015, various members of the Organization board of directors also serve on the boards of unrelated organizations that contributed to Organization and have pledged donations in the approximate amount of \$397,550 and \$372,900, respectively. During the years ended July 31, 2016 and 2015, various staff members of the Organization have pledged donations in the amount of \$4,507 and \$3,710, respectively. During the years ended July 31, 2016 and 2015, relatives of the board of directors and staff have pledged donations in the amounts of \$162,741 and \$763,631, respectively.

NOTE 9- CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents accounts in financial institutions, which from time to time may exceed the Federal Depository Insurance Coverage limit. As of July 31, 2016 and 2015, cash and cash equivalents exceeding federally insured limits totaled \$1,695,262 and \$2,596,054, respectively. In assessing their risk, the Organization's policy is to maintain funds only with reputable financial institutions and management believes the risk of losses is minimal.

The Organization maintains certain cash balances at financial institutions in Portland, Oregon. The cash balances at times may exceed federally insured limits. In assessing their risk, the Companies' policy is to maintain funds only with reputable financial institutions and management believes the risk of loss is minimal.

Grants and contributions received from a single funder may at times exceed 20% of total support. The Organization assesses credit risk related such grants on a contract-by-contract basis.

NOTE 10- 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.

FOODCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2016 AND 2015

NOTE 11-NET ASSETS

Unrestricted

As of July 31, 2016 and 2015, the Organization had \$1,461,511 and \$1,879,466 in unrestricted net assets, respectively. Unrestricted grants include amounts received from federal agencies, which are for use in furthering of the Organization's mission. Unearned amounts from such grants have not been accrued in the accompanying financial statements.

Permanently Restricted

As of July 31, 2016 and 2015, the Organization had no permanently restricted net assets.

Temporarily Restricted

As of July 31, 2016 and 2015, the total restricted net assets of \$8,668,170 and \$7,859,789, respectively, are available for the following purposes:

	Beginning of Fiscal Year	Contributions	Released	End of Fiscal Year
FYE 2017 Program Support	\$ 1,200,000	\$ 380,000	\$ -	\$ 1,580,000
FYE 2016 Program Support	25,000	1,527,794	1,552,794	-
Program/Evaluation FYE 2016 and 2017	163,342	-	99,997	63,345
Purpose Restriction - State Specific	373,636	902,500	685,751	590,385
Time Restriction Multi-Year FYE 2016-2024	5,407,811	3,170,000	2,178,371	6,399,440
Time Restriction FYE 2017	-	35,000	-	35,000
Time Restriction FYE 2016	690,000	-	690,000	-
	<u>\$ 7,859,789</u>	<u>\$ 6,015,294</u>	<u>\$ 5,206,913</u>	<u>\$ 8,668,170</u>

NOTE 12-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 consulting services of \$388,000 for the year ended July 31, 2016 and legal services totaling \$50,527 and \$65,561 for the years ended July 31, 2016 and 2015, respectively. These services are included in consulting and professional fees in the accompanying financial statements, respectively. The values of the consulting and legal services are based upon estimates provided by the donors. For the years ended July 31, 2016 and 2015, donations in-kind consist of technology equipment totaled \$66,924 and \$-0-, respectively.

NOTE 13-SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 15, 2017, 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.