

The Campus Kitchens Project, Inc.

Financial Statements
And
Independent Auditors' Report

December 31, 2007 and 2006

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Kattell and Company, P.L.L.C.

Serving the Nonprofit Community

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Campus Kitchens Project, Inc.
Washington, DC

We have audited the accompanying statements of financial position of The Campus Kitchens Project, Inc. (the Corporation) as of December 31, 2007 and 2006, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 The Campus Kitchens Project, Inc., as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Kattell and Company, P.L.L.C.

April 14, 2008
Gainesville, Florida

“Not everything that counts can be counted, and not everything that can be counted counts.”

- Albert Einstein

Statements of Financial Position
December 31, 2007 and 2006
The Campus Kitchen Project, Inc.

Assets	<u>2007</u>	<u>2006</u>
Current Assets:		
Cash	\$ 46,291	\$ 43,588
Accounts Receivable	7,334	6,857
Grant from DCKK	300,000	100,000
Contributions Receivable, current portion	266,000	203,750
Prepaid Expenses	--	3,056
Total Current Assets	619,625	357,221
Non-current Assets:		
Contributions Receivable	135,000	100,000
Total Assets	\$754,625	\$457,221

Liabilities and Net Assets	<u>2007</u>	<u>2006</u>
Current Liabilities:		
Accounts Payable	\$ 2,040	\$ 752
Salaries Payable	11,438	11,094
Accrued Payroll and Leave	6,600	7,791
Grants to Affiliates	70,741	62,268
Total Current Liabilities	90,819	81,905
Non-Current Liabilities:		
Grants to Affiliates	31,958	42,962
Total Liabilities	122,777	124,867
Net Assets:		
Unrestricted	225,098	38,354
Temporarily Restricted	406,750	294,000
Total Net Assets	631,848	332,354
Total Liabilities and Net Assets	\$754,625	\$457,221

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2007
The Campus Kitchens Project, Inc.

	Unrestricted	Temporarily Restricted	Total
<u>Revenue and other Support</u>			
Contributions:			
Grant from DC Central Kitchen	\$ 300,000	\$ --	\$ 300,000
Other Grants and Donations	279,975	287,750	567,725
Affiliate Fees	14,339	--	14,339
Other Income	1,821	--	1,821
Donated Goods and Services	383,937	--	383,937
Net Assets Released From Restrictions	<u>175,000</u>	<u>(175,000)</u>	<u>--</u>
Total Revenue and other Support	1,155,072	112,750	1,267,822
<u>Expenses</u>			
Program Services:			
Campus Kitchens Project	819,032	--	819,032
Support Services:			
Management and General	87,490	--	87,490
Development	<u>61,806</u>	<u>--</u>	<u>61,806</u>
Total Expenses	<u>968,328</u>	<u>--</u>	<u>968,328</u>
Change in Net Assets	186,744	112,750	299,494
Net Assets, January 1, 2006	<u>38,354</u>	<u>294,000</u>	<u>332,354</u>
Net Assets, December 31, 2006	<u>\$ 225,098</u>	<u>\$ 406,750</u>	<u>\$ 631,848</u>

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2006
The Campus Kitchens Project, Inc.

	Unrestricted	Temporarily Restricted	Total
<u>Revenue and other Support</u>			
Contributions:			
Grant from DC Central Kitchen	\$ 100,000	\$ --	\$ 100,000
Other Grants and Donations	258,333	169,000	427,333
Special Events	2,823	--	2,823
Other Income	5,030	--	5,030
Donated Goods and Services	393,430	--	393,430
Net Assets Released From Restrictions	<u>200,000</u>	<u>(200,000)</u>	<u>--</u>
Total Revenue and other Support	959,616	(31,000)	928,616
<u>Expenses</u>			
Program Services:			
Campus Kitchens Project	852,179	--	852,179
Support Services:			
Management and General	53,727	--	53,727
Development	<u>64,484</u>	<u>--</u>	<u>64,484</u>
Total Expenses	<u>970,390</u>	<u>--</u>	<u>970,390</u>
Change in Net Assets	(10,774)	(31,000)	(41,774)
Net Assets, January 1, 2006	<u>49,128</u>	<u>325,000</u>	<u>374,128</u>
Net Assets, December 31, 2006	<u>\$ 38,354</u>	<u>\$ 294,000</u>	<u>\$ 332,354</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2007
The Campus Kitchens Project, Inc.

	Campus Kitchens Project	Management and General	Development	Total
Personnel	\$310,353	\$ 49,255	\$ 49,454	\$409,062
Kitchen Costs	4,674	--	--	4,674
Food and Beverage Purchased	7,848	--	--	7,848
Donated Food and Beverage	257,836	--	--	257,836
Vehicle Expense	114	--	--	114
Grants to Affiliates	62,780	--	--	62,780
Program Expense	10,348	--	--	10,348
Events	1,181	--	55	1,236
Professional Services	2,140	12,614	--	14,754
Donated Professional Services	--	17,626	--	17,626
Internships	19,030	--	--	19,030
Technology and Communications	7,925	947	16	8,888
Donated Technology	--	--	3,369	3,369
Donated Rent	97,916	5,910	1,280	105,106
Insurance	178	--	--	178
Interest and Bank Fees	--	58	10	68
Office Expense	14,074	888	4,554	19,516
Travel and Local Business	18,246	100	2,568	20,914
Miscellaneous	4,389	92	500	4,981
Total	<u>\$819,032</u>	<u>\$ 87,490</u>	<u>\$ 61,806</u>	<u>\$968,328</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2006
The Campus Kitchens Project, Inc.

	Campus Kitchens Project	Management and General	Development	Total
Personnel	\$298,703	\$ 30,721	\$ 59,407	\$388,831
Kitchen Costs	4,043	--	--	4,043
Food and Beverage Purchased	8,054	--	--	8,054
Donated Food and Beverage	242,498	--	--	242,498
Vehicle Expense	192	--	--	192
Grants to Affiliates	92,098	--	--	92,098
Program Expense	3,333	--	--	3,333
Events	433	--	22	455
Professional Services	8,494	9,602	--	18,096
Donated Professional Services	31,269	--	--	31,269
Internships	22,010	--	--	22,010
Technology and Communications	2,533	218	77	2,828
Donated Rent	110,798	5,910	2,955	119,663
Insurance	1,045	--	--	1,045
Interest and Bank Fees	--	4	51	55
Office Expense	9,097	5,699	1,280	16,076
Travel and Local Business	14,498	989	510	15,996
Miscellaneous	3,082	584	183	3,849
	<u>3,082</u>	<u>584</u>	<u>183</u>	<u>3,849</u>
Total	<u>\$852,179</u>	<u>\$ 53,727</u>	<u>\$ 64,484</u>	<u>\$970,390</u>

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2007 and 2006
The Campus Kitchens Project, Inc.

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$299,494	\$ (41,774)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Changes in:		
Accounts Receivable	(477)	(4,949)
Due from DCCK	--	119,087
Grant from DCCK	(200,000)	(100,000)
Contributions Receivable	(97,250)	21,250
Prepaid Expenses	3,056	(442)
Accounts Payable	1,288	(690)
Accrued Salaries and Payroll	(847)	1,140
Grants to Affiliates Payable	<u>(2,531)</u>	<u>48,230</u>
Net Cash Provided by Operating Activities	2,733	41,852
Net Cash Provided by Investing Activities	--	--
Net Cash Provided by Financing Activities	<u>--</u>	<u>--</u>
Net Increase in Cash and Equivalents	2,733	41,852
Cash and Equivalents, Beginning of Year	<u>43,558</u>	<u>1,706</u>
Cash and Equivalents, End of Year	<u>\$ 46,291</u>	<u>\$ 43,558</u>

See accompanying notes.

**Notes to Financial Statements
December 31, 2007 and 2006
The Campus Kitchens Project, Inc.**

NOTE 1 – Summary of Significant Accounting Policies

Entity

The Campus Kitchens Project, Inc. (the Corporation) is a groundbreaking program that brings colleges and universities together with student volunteers, on-campus dining services professionals, and community organizations to combat hunger in cities across the United States. In 2002, the Corporation was incorporated as an affiliated corporation under common control with DC Central Kitchen, Inc. (DCK), a not-for-profit organization. DCK developed the concept of the “Community Kitchen,” a program that includes food recycling, meal distribution, and job training to provide a solution that addresses both the immediate problems and the root causes of hunger. The Community Kitchen model has now been replicated in cities across the United States, and with The Campus Kitchens Project, the model will now find its place on college campuses as well.

The mission of the Campus Kitchens Project is to use service as a tool to:

- **Strengthen Bodies** by using existing resources to meet hunger and nutritional needs in our communities;
- **Empower Minds** by providing leadership and service learning opportunities to college students, and educational benefits to adults, seniors, children, and families in need; and
- **Build Communities** by fostering a new generation of community-minded adults through resourceful and mutually beneficial partnerships among students, social service agencies, businesses, and universities.

The Corporation owns and operates four Campus Kitchens and has affiliate agreements with another eight. Locations, opening dates and ownership types are:

St. Louis University	St. Louis, Missouri	10/2001	Owned
Northwestern University	Evanston, Illinois	05/2003	Owned
Marquette University	Milwaukee, WI	10/2003	Owned
Augsburg College	Minneapolis, MN	10/2003	Affiliate
Gonzaga University	Spokane, WA	08/2005	Owned
Minnesota State, Mankato	Mankato, MN	11/2005	Affiliate
Gonzaga College High School	Washington, DC	11/2005	Affiliate
University of Nebraska at Kearney	Kearney, NE	08/2006	Affiliate
Washington & Lee University	Lexington, VA	08/2006	Affiliate
Wake Forest University	Winston-Salem, NC	08/2006	Affiliate
Gettysburg College	Gettysburg, PA	08/2007	Affiliate
College of William & Mary	Williamsburg, VA	08/2007	Affiliate

The contracts that define the Corporation’s relationships with its “owned” and “affiliate” schools differ mainly in the burden of cost and assumption of liability. The Corporation provides 100% of the staffing, funding, and ongoing assistance to Campus Kitchens who fall under the “owned” model. These are the first of Corporation’s Campus Kitchens, and therefore acted as the “pilot” programs, over which the Corporation retains control and for which the Corporation assumes liability and provides indemnification to the host school for the work of the program. Under our “affiliate” model, the host school assumes the staffing responsibilities, ongoing costs, and liability for the Campus Kitchen program. Based on available funding and the school’s proposed budget, CKP provides a multi-year grant to the school to help defray these costs. CKP provides ongoing technical support, training, and licensing of its name and marks to all affiliate schools.

Notes to Financial Statements
December 31, 2007 and 2006
The Campus Kitchens Project, Inc.

NOTE 1 – Summary of Significant Accounting Policies (continued)

Entity (concluded)

Each of the owned Campus Kitchens is organized as an LLC and operates a Campus Kitchen at a single college or university. Both owned and affiliated Campus Kitchens programs coordinate food donations, prepare and deliver meals to area community service agencies, teach basic food preparation and culinary skills to the unemployed, and provide service-learning opportunities for students. Since its inception in 2001, the Corporation has engaged more than 9,800 students who have provided more than 128,000 volunteer hours recycling food, working in the kitchen, and delivering more than 450,600 meals to local partner agencies.

The accompanying financial statements represent the activity of the Corporation only. The financial statements of the Corporation have been consolidated with the financial statements of DCKK in accordance with Statement of Position 94-3, *Reporting of Related Entities by Not-for-Profit Organizations*. However, these financial statements are those of the Corporation alone and, accordingly, are not intended to present the financial position, changes in net assets or cash flows of the DCKK as of and for the years ended December 31, 2007 and 2006. The consolidated financial statements are available at DCKK's headquarters.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and in accordance with standards applicable to voluntary health and welfare organizations.

Cash

Cash consists primarily of a deposit in a checking account.

Accounting for Net Assets

The Corporation's net assets, the excess of assets over liabilities, are reported in two mutually exclusive classes:

Temporarily Restricted - Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which expire by passage of time or are fulfilled by actions of the Corporation.

Unrestricted - Those net assets that are not temporarily restricted.

Revenue Recognition

Contributions – General. Contributions received, including unconditional promises to give, are recognized at their estimated fair values in the period received or pledged. Contributions received are reported either as unrestricted revenue or temporarily restricted revenue. The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. However, contributions that are restricted by a donor are reported as increases in unrestricted net assets if the restrictions expire in the same fiscal year in which the contributions are recognized.

Contributions – Space. The Corporation receives the rent-free use of kitchen facilities, office space, and dry storage. These in-kind contributions and the related rental expense of \$105,106 and \$119,663 for the years ended December 31, 2007 and 2006, respectively, are reflected in the accompanying financial statements based on management's estimate of the fair value.

**Notes to Financial Statements
December 31, 2007 and 2006
The Campus Kitchens Project, Inc.**

NOTE 1 – Summary of Significant Accounting Policies (concluded)

Contributions – Services. The Corporation recognizes certain contributed services as revenue and expense if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Corporation receives contributed services from a large number of volunteers that do not meet the criteria for recognition. The fair value of these services is not practical to estimate.

Contributions – Food. The Corporation has received many pounds of food since its inception in 2001. Management used certain estimates and assumptions to determine the value of approximately 138 and 134 thousand pounds of food for the years ended December 31, 2007 and 2006, respectively.

Expense Allocation

The Corporation's expenses have been summarized on a functional basis in the statement of activities. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited as detailed in the statement of functional expenses.

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 and disclosure of contingent 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 vary from the estimates that were used.

Income Taxes

The Corporation is a not-for-profit organization, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Corporation has been designated as a publicly supported organization under Sections 509(a)(1) and 170(b)(1)(a)(vi) of the Internal Revenue Code and qualifies for the charitable contribution deduction. Therefore, these financial statements contain no provision for federal income taxes.

NOTE 2 – Contributions Receivable

Contributions receivable represent unconditional promises to give and are stated at their net realizable value. Amounts are expected to be collected as follows:

	<u>2007</u>	<u>2006</u>
2007	\$ --	\$ 203,750
2008	266,000	50,000
2009	135,000	50,000
Totals	<u>\$ 401,000</u>	<u>\$ 303,750</u>

**Notes to Financial Statements
December 31, 2007 and 2006
The Campus Kitchens Project, Inc.**

NOTE 3 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2007</u>	<u>2006</u>
Amounts to be received in future years	\$329,750	\$ 225,000
Amounts restricted to future programs	<u>77,000</u>	<u>69,000</u>
Totals	<u>\$406,750</u>	<u>\$ 294,000</u>

Net assets have been reclassified as unconditional promises have been received.

NOTE 4 – Grants to Affiliates

The Corporation provides initial funding to Campus Kitchens affiliates in accordance with affiliate agreements. These grants provide monthly funding for 36 months and are recorded as contributions made at the date the affiliation agreement is signed. The unpaid portion of these grants is reported as payables at the end of the year. The following table provides the schedule of funding.

Payments Due:	<u>2007</u>	<u>2006</u>
2007	\$ --	\$ 62,268
2008	70,741	33,690
2009	27,367	9,272
2010	4,591	--
Totals	<u>\$102,699</u>	<u>\$ 105,230</u>

NOTE 5 – Related Party Transactions and Balances

The Corporation is organized and operates to support the programs of DCCK. In addition, the Corporation shares common Board members with DCCK.

Certain revenues and expenses related to the Corporation are received and paid by DCCK on behalf of the Corporation. In addition, the Corporation and DCCK may make temporary operating loans to and from each other. The Corporation reimburses DCCK for certain management and administrative support, which totaled \$60,000 and \$63,410 for the years ended December 31, 2007 and 2006, respectively. Such transactions are accounted for through an inter-company account. As of December 31, 2007 and 2006 the Corporation had no amounts due to or due from DCCK.

DCCK made operating grants of \$300,000 and \$100,000 to the Corporation to help fund the activities of the Corporation for the years ended December 31, 2007 and 2006, respectively. These grants are reflected as Grant Receivable from DCCK.