

The Campus Kitchens Project, Inc.

Financial Statements
And
Independent Auditors' Report

December 31, 2011 and 2010

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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, 2011 and 2010, 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, 2011 and 2010, 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 18, 2012
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, 2011 and 2010
The Campus Kitchen Project, Inc.

Assets	<u>2011</u>	<u>2010</u>
Cash	\$ 16,639	\$ 3,878
Accounts Receivable	2,164	--
Government Grants Receivable	--	25,316
Due from DCKK	--	16,589
Contributions Receivable	--	25,000
Investments	<u>290,253</u>	<u>273,778</u>
Total Assets	<u>\$ 309,056</u>	<u>\$ 344,561</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 2,474	\$ 601
Salaries Payable	5,150	7,104
Accrued Payroll and Leave	14,197	19,694
Grants to Affiliates	<u>52,241</u>	<u>91,260</u>
Total Liabilities	74,062	118,659
Net Assets:		
Unrestricted	234,994	50,902
Temporarily Restricted	<u>--</u>	<u>175,000</u>
Total Net Assets	<u>234,994</u>	<u>225,902</u>
Total Liabilities and Net Assets	<u>\$ 309,056</u>	<u>\$ 344,561</u>

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2011
The Campus Kitchens Project, Inc.

	Unrestricted	Temporarily Restricted	Total
<u>Support and Other Revenues</u>			
Grants and Contributions			
DCCK	\$ 308,846	\$ --	\$ 308,846
Other	134,007	--	134,007
Federal Grants	215,296	--	215,296
Affiliate Fees	8,400	--	8,400
Investment Income	3,045	--	3,045
Other Income	1,415	--	1,415
Donated Goods and Services	568,493	--	568,493
Net Assets Released From Restrictions	<u>175,000</u>	<u>(175,000)</u>	<u>--</u>
Total Support and Other Revenues	1,414,502	(175,000)	1,239,502
<u>Expenses</u>			
Program Services:			
Campus Kitchens Project	1,103,640	--	1,103,640
Support Services:			
Management and General	115,238	--	115,238
Development	<u>24,962</u>	<u>--</u>	<u>24,962</u>
Total Expenses	<u>1,243,840</u>	<u>--</u>	<u>1,243,840</u>
Excess (Deficit) of Support and Revenues over (under) Expenses	170,662	(175,000)	(4,338)
Gain on Investments	<u>13,430</u>	<u>--</u>	<u>13,430</u>
Change in Net Assets	184,092	(175,000)	9,092
Net Assets, January 1, 2011	<u>50,902</u>	<u>175,000</u>	<u>225,902</u>
Net Assets, December 31, 2011	<u>\$ 234,994</u>	<u>\$ --</u>	<u>\$ 234,994</u>

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2010
The Campus Kitchens Project, Inc.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and Other Revenues</u>			
Grants and Contributions			
DCCK	\$ 275,000	\$ --	\$ 275,000
Other	213,497	25,000	238,497
Federal Grants	75,494	--	75,494
Affiliate Fees	6,000	--	6,000
Investment Income	2,154	--	2,154
Other Income	5,948	--	5,948
Donated Goods and Services	632,484	--	632,484
Net Assets Released From Restrictions	<u>240,488</u>	<u>(240,488)</u>	<u>--</u>
Total Support and Other Revenues	1,451,065	(215,488)	1,235,577
<u>Expenses</u>			
Program Services:			
Campus Kitchens Project	1,289,077	--	1,289,077
Support Services:			
Management and General Development	<u>111,109</u> <u>30,565</u>	<u>--</u> <u>--</u>	<u>111,109</u> <u>30,565</u>
Total Expenses	<u>1,430,751</u>	<u>--</u>	<u>1,430,751</u>
Excess (Deficit) of Support and Revenues Over Expenses	20,314	(215,488)	(195,174)
Gain on Investments	<u>24,735</u>	<u>--</u>	<u>24,735</u>
Change in Net Assets	45,049	(215,488)	(170,439)
Net Assets, January 1, 2010	<u>5,853</u>	<u>390,488</u>	<u>396,341</u>
Net Assets, December 31, 2010	<u>\$ 50,902</u>	<u>\$ 175,000</u>	<u>\$ 225,902</u>

See accompanying notes.

Statements of Functional Expenses
For the Years Ended December 31, 2011 and 2010
The Campus Kitchens Project, Inc.

	Campus Kitchens Project	Management and General	Development	Total
2011				
Donated Food and Beverage	\$ 395,974	\$ --	\$ --	\$ 395,974
Donated Rent	161,019	11,500	--	172,519
Food and Beverage Purchased	8,000	--	--	8,000
Insurance	--	5,000	--	5,000
Interest and Banking	--	1,008	48	1,056
Kitchen Costs	4,484	--	--	4,484
Miscellaneous	9,993	1,368	--	11,361
Office Expense	6,483	603	3,928	11,014
Personnel	386,031	90,795	13,470	490,296
Professional Services	7,000	4,074	7,500	18,574
Program Grants and Assistance	71,424	--	--	71,424
Technology and Communications	4,824	--	--	4,824
Travel and Local Business	48,408	890	16	49,314
Total	<u>\$ 1,103,640</u>	<u>\$ 115,238</u>	<u>\$ 24,962</u>	<u>\$ 1,243,840</u>
2010				
Bad Debt Expense	\$ --	\$ 14,698	\$ --	\$ 14,698
Donated Food and Beverage	477,464	--	--	477,464
Donated Professional Services	--	3,245	--	3,245
Donated Rent	140,275	11,500	--	151,775
Food and Beverage Purchased	7,229	--	--	7,229
Grants to Affiliates	111,880	--	--	111,880
Internships	22,647	--	--	22,647
Kitchen Costs	6,569	--	--	6,569
Licenses and Fees	12,023	--	--	12,023
Miscellaneous	996	64	--	1,060
Office Expense	3,391	522	4,782	8,695
Personnel	407,346	76,377	25,459	509,182
Professional Services	24,000	3,083	--	27,083
Program Expense	41,625	--	--	41,625
Technology and Communications	3,168	--	--	3,168
Travel and Local Business	30,464	1,620	324	32,408
Total	<u>\$ 1,289,077</u>	<u>\$ 111,109</u>	<u>\$ 30,565</u>	<u>\$ 1,430,751</u>

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009
The Campus Kitchens Project, Inc.

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 9,092	\$ (170,439)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Investment Gains	(13,430)	(24,735)
Changes in:		
Accounts Receivable	(2,164)	8,338
Government Grants Receivable	25,316	4,844
Contributions Receivable	25,000	2,000
Prepaid Expenses	--	2,509
Accounts Payable	1,873	(421)
Accrued Salaries and Payroll	(7,451)	13,673
Grants Payable to Affiliates	(39,019)	40,510
Due to/from DCKK	<u>16,589</u>	<u>(140,140)</u>
Net Cash Provided by (Used In) Operating Activities	15,806	(263,861)
Cash Flows from Investing Activities:		
Purchases of Investments – Dividend Reinvestments	<u>(3,045)</u>	<u>(2,153)</u>
Net Cash Used in Investing Activities	<u>(3,045)</u>	<u>(2,153)</u>
Net Increase in Cash and Equivalents	12,761	(266,014)
Cash and Equivalents, Beginning of Year	<u>3,878</u>	<u>269,892</u>
Cash and Equivalents, End of Year	<u>\$ 16,639</u>	<u>\$ 3,878</u>

See accompanying notes.

Notes to Financial Statements
December 31, 2011 and 2010
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 student volunteers, colleges and universities, on-campus dining services professionals, and community organizations together 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 The Campus Kitchens Project model has proven to be a success 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.

Locations, opening dates and ownership type of Campus Kitchens Projects are:

St. Louis University	St. Louis, MO	10/2001	Owned
Northwestern University	Evanston, IL	05/2003	Owned
Marquette University	Milwaukee, WI	10/2003	Owned
Augsburg College	Minneapolis, MN	10/2003	Affiliate
Gonzaga University	Spokane, WA	11/2005	Owned
Minnesota State University, 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
University of Maryland Eastern Shore	Rockville, MD	09/2008	Affiliate
University of Vermont	Burlington, VT	11/2008	Affiliate
Lee University	Cleveland, TN	01/2009	Affiliate
University of Florida	Gainesville, FL	01/2009	Affiliate
Baylor University	Waco, TX	02/2009	Affiliate
Johns Hopkins University	Baltimore, MD	02/2009	Affiliate
University of Wisconsin	Eau Claire, WI	02/2009	Affiliate
Washington University in St. Louis	St. Louis, MO	01/2010	Affiliate
St. Lawrence University	Canton, NY	01/2010	Affiliate
University of Massachusetts Boston	Boston, MA	01/2010	Owned
University of Virginia	Charlottesville, VA	02/2010	Affiliate
East Carolina University	Greenville, NC	02/2010	Affiliate
Union College	Schenectady, NY	02/2010	Affiliate
University of Detroit Mercy	Detroit, MI	11/2010	Affiliate
Elon University	Elon, NC	11/2010	Affiliate
Atlantic City High School/R. Stockton College	Atlantic City, NJ	11/2010	Affiliate
Kent State University	Kent, OH	03/2011	Affiliate
Auburn University	Auburn, AL	12/2011	Affiliate
St. Andrew’s Episcopal School	Potomac, MD	12/2011	Affiliate

Notes to Financial Statements
December 31, 2011 and 2010
The Campus Kitchens Project, Inc.

NOTE 1 – Summary of Significant Accounting Policies (continued)

Entity (concluded)

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.

Owned. The Campus Kitchens who fall under the "owned" model are those for which the Corporation provides 100% of the staffing, funding, and ongoing assistance. 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.

Affiliate. 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, the Corporation provides a multi-year grant to the school to help defray these costs. The Corporation provides ongoing technical support, training, and licensing of its name and marks to all affiliate schools.

Each of the owned Campus Kitchens is organized as a limited liability company 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 45,000 students who have provided more than 333,000 volunteer hours recycling food, working in the kitchen, and delivering approximately 1,552,000 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 DCCK in accordance with Subtopic 958.810 of the Accounting Standards Codification of the Financial Accounting Standards Board. 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 DCCK as of and for the years ended December 31, 2011 and 2010. The consolidated financial statements are available at DCCK'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 of a deposit in a checking account.

Investments

The Corporation holds its investments in a mutual fund. According to the fund prospectus, 90% or more of the assets of the fund are invested in common stocks with the balance held in U.S. Treasury securities or other cash equivalents. Investments are reported at fair value.

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.

Notes to Financial Statements
December 31, 2011 and 2010
The Campus Kitchens Project, Inc.

NOTE 1 – Summary of Significant Accounting Policies (continued)

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 \$172,519 and \$151,775 for the years ended December 31, 2011 and 2010, respectively, are reflected in the accompanying financial statements based on management’s estimate of the fair value.

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.

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 195 and 245 thousand pounds of food for the years ended December 31, 2011 and 2010, 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 not earned any unrelated business taxable income; therefore, no provision for federal income taxes is reported. In addition, 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.

As discussed in the “Entity” section above, each of the owned Campus Kitchens is a single-member LLC owned entirely by the Corporation. Each of the owned Campus Kitchens are treated as a “disregarded entity” for income tax purposes and, as such, its financial activity is reported in conjunction with the federal tax filings of the Corporation.

Notes to Financial Statements
December 31, 2011 and 2010
The Campus Kitchens Project, Inc.

NOTE 1 – Summary of Significant Accounting Policies (concluded)

Income Taxes (concluded)

The Corporation holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Institute's Form 990, *Return of Organization Exempt from Income Taxes* is subject to examination by the IRS, generally for 4 years after the date filed.

NOTE 2 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	2011	2010
Time restrictions	\$ --	\$ 25,000
Purpose restrictions	--	150,000
Totals	\$ --	\$ 175,000

Time restrictions consist of contributions receivable. See Note 1 for more details. Purpose restrictions consist of donations to support the opening of new campus kitchens in the next year. Net assets are reclassified as unconditional promises are received and as expenses are incurred that satisfy program restrictions.

NOTE 3– 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:	2011	2010
2011	\$ --	\$ 51,456
2012	36,356	22,050
2013	15,885	17,754
Totals	\$ 52,241	\$ 91,260

NOTE 4 – Defined Contribution Pension Plan

The Corporation offers a defined contribution retirement plan to all employees. The plan operates under section 403(b) of the Internal Revenue Code. The Organization matches 50% of employee contributions up to 5% of the employee's annual salary. Employees are eligible to participate in the plan after 6 full months of employment and are 100% vested when they begin contributing. Total costs of \$3,158 and \$4,250 are included in personnel expenses for 2011 and 2010, respectively.

NOTE 5 – Donated Services

The Corporation, through the combined efforts of its owned and affiliate campus kitchens, received 36,652 hours of donated services from approximately 5,500 volunteers. These volunteers assisted in the recovery of over 432,000 pounds of food and the serving of over 229,000 meals. However, the value of these donated services is not recognized in the financial statements since the services do not meet the criteria for recognition as described in Note 1. At \$21.79 per hour, this amounts to \$798,647 of additional contributions and program expenses. This hourly rate is the average estimated value per hour of volunteer time for the United States as compiled by Independent Sector, http://www.independentsector.org/volunteer_time.

Notes to Financial Statements
December 31, 2011 and 2010
The Campus Kitchens Project, Inc.

NOTE 6 – 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 or 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 \$58,502 and \$80,000 for the years ended December 31, 2011 and 2010, respectively. Finally, DCCK provided operating grants during 2011 and 2010 for \$308,896 and \$275,000, respectively. All such transactions are accounted for through an inter-company account. The balance of this intercompany account is reported as Due from DCCK or Due to DCCK on the Statements of Financial Position.

NOTE 7 – Subsequent Events

The Corporation evaluated events and transactions for potential recognition or disclosure through April 18, 2012, which is the date the financial statements were available to be issued.