

# The Campus Kitchens Project, Inc.

Financial Statements  
And  
Independent Auditors' Report

December 31, 2008 and 2007

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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, 2008 and 2007, 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, 2008 and 2007, 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 2, 2009  
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, 2008 and 2007**  
**The Campus Kitchen Project, Inc.**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash	\$ 87,031	\$ 46,291
Accounts Receivable	3,866	7,334
Investment	197,833	--
Grant from DCKK	--	300,000
Contributions Receivable	175,000	401,000
Prepaid Expenses	<u>500</u>	<u>--</u>
<b>Total Assets</b>	<b><u>\$ 464,230</u></b>	<b><u>\$ 754,625</u></b>
<b>Liabilities and Net Assets</b>		
Accounts Payable	\$ 14,854	\$ 2,040
Salaries Payable	3,255	11,438
Accrued Payroll and Leave	9,751	6,600
Grants to Affiliates	<u>61,695</u>	<u>102,699</u>
<b>Total Liabilities</b>	<b>89,555</b>	<b>122,777</b>
<b>Net Assets:</b>		
Unrestricted	119,675	225,098
Temporarily Restricted	<u>255,000</u>	<u>406,750</u>
<b>Total Net Assets</b>	<b><u>374,675</u></b>	<b><u>631,848</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 464,230</u></b>	<b><u>\$ 754,625</u></b>

See accompanying notes.

**Statement of Activities**  
**For the Year Ended December 31, 2008**  
**The Campus Kitchens Project, Inc.**

	Unrestricted	Temporarily Restricted	Total
<u>Revenue and other Support</u>			
Grants and Contributions	\$ 347,287	\$ 45,000	\$ 392,287
Federal Grants	34,281	--	34,281
Affiliate Fees	14,698	--	14,698
Investment Income	24,001	--	24,001
Other Income	4,490	--	4,490
Donated Goods and Services	381,657	--	381,657
Net Assets Released From Restrictions	<u>196,750</u>	<u>(196,750)</u>	<u>--</u>
<b>Total Revenue and other Support</b>	<b>1,003,164</b>	<b>(151,750)</b>	<b>851,414</b>
<u>Expenses</u>			
Program Services:			
Campus Kitchens Project	822,296	--	822,296
Support Services:			
Management and General Development	97,843	--	97,843
	<u>62,280</u>	<u>--</u>	<u>62,280</u>
<b>Total Expenses</b>	<b><u>982,419</u></b>	<b><u>--</u></b>	<b><u>982,419</u></b>
Excess of Support and Revenues Over Expenses	20,745	(151,750)	(131,005)
Investment Loss	<u>(126,168)</u>	<u>--</u>	<u>(126,168)</u>
<b>Change in Net Assets</b>	<b>(105,423)</b>	<b>(151,750)</b>	<b>(257,173)</b>
<b>Net Assets, January 1, 2008</b>	<b><u>225,098</u></b>	<b><u>406,750</u></b>	<b><u>631,848</u></b>
<b>Net Assets, December 31, 2008</b>	<b><u>\$ 119,675</u></b>	<b><u>\$ 255,000</u></b>	<b><u>\$ 374,675</u></b>

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	175,000	(175,000)	--
<b>Total Revenue and other Support</b>	<b>1,155,072</b>	<b>112,750</b>	<b>1,267,822</b>
<u>Expenses</u>			
Program Services:			
Campus Kitchens Project	819,032	--	819,032
Support Services:			
Management and General	87,490	--	87,490
Development	61,806	--	61,806
<b>Total Expenses</b>	<b>968,328</b>	<b>--</b>	<b>968,328</b>
<b>Change in Net Assets</b>	<b>186,744</b>	<b>112,750</b>	<b>299,494</b>
<b>Net Assets, January 1, 2007</b>	<b>38,354</b>	<b>294,000</b>	<b>332,354</b>
<b>Net Assets, December 31, 2007</b>	<b>\$ 225,098</b>	<b>\$ 406,750</b>	<b>\$ 631,848</b>

See accompanying notes.

**Statement of Functional Expenses**  
**For the Year Ended December 31, 2008 and 2007**  
**The Campus Kitchens Project, Inc.**

	Campus Kitchens Project	Management and General	Development	Total
<b>2008</b>				
Donated Food and Beverage	\$ 257,687	\$ --	\$ --	\$ 257,687
Donated Professional Services	--	9,909	--	9,909
Donated Rent	102,562	11,500	--	114,062
Food and Beverage Purchased	6,278	--	--	6,278
Grants to Affiliates	10,804	--	--	10,804
Insurance	772	3,860	--	4,632
Interest and Bank Fees	--	750	108	858
Internships	21,913	--	--	21,913
Kitchen Costs	8,686	--	--	8,686
Miscellaneous	6,034	1,087	--	7,121
Office Expense	7,726	2,203	2,403	12,332
Personnel	352,096	55,643	59,567	467,306
Professional Services	4,120	11,136	--	15,256
Program Expense	5,225	--	--	5,225
Technology and Communications	7,703	348	--	8,051
Travel and Local Business	30,691	1,405	202	32,298
<b>Total</b>	<b><u>\$ 822,296</u></b>	<b><u>\$ 97,843</u></b>	<b><u>\$ 62,280</u></b>	<b><u>\$ 982,419</u></b>
<b>2007</b>				
Donated Food and Beverage	\$ 257,836	\$ --	\$ --	\$ 257,836
Donated Professional Services	--	17,626	--	17,626
Donated Rent	97,916	5,910	1,280	105,106
Donated Technology	--	--	3,369	3,369
Events	1,181	--	55	1,236
Food and Beverage Purchased	7,848	--	--	7,848
Grants to Affiliates	62,780	--	--	62,780
Insurance	178	--	--	178
Interest and Bank Fees	--	58	10	68
Internships	19,030	--	--	19,030
Kitchen Costs	4,674	--	--	4,674
Miscellaneous	4,389	92	500	4,981
Office Expense	14,074	888	4,554	19,516
Personnel	310,353	49,255	49,454	409,062
Professional Services	2,140	12,614	--	14,754
Program Expense	10,348	--	--	10,348
Technology and Communications	7,925	947	16	8,888
Travel and Local Business	18,246	100	2,568	20,914
Vehicle Expense	114	--	--	114
<b>Total</b>	<b><u>\$ 819,032</u></b>	<b><u>\$ 87,490</u></b>	<b><u>\$ 61,806</u></b>	<b><u>\$ 968,328</u></b>

See accompanying notes.

**Statements of Cash Flows**  
**For the Years Ended December 31, 2008 and 2007**  
**The Campus Kitchens Project, Inc.**

	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (257,173)	\$ 299,494
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Investments Losses	126,168	--
Changes in:		
Accounts Receivable	3,468	(477)
Grant from DCKK	--	(200,000)
Contributions Receivable	226,000	(97,250)
Prepaid Expenses	(500)	3,056
Accounts Payable	12,814	1,288
Accrued Salaries and Payroll	(5,032)	(847)
Grants Payable to Affiliates	<u>(41,004)</u>	<u>(2,531)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>64,741</b>	<b>2,733</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of Investments – Dividend Reinvestments	<u>(24,001)</u>	<u>--</u>
<b>Net Cash Used in Investing Activities</b>	<b>(24,001)</b>	<b>--</b>
<b>Net Increase in Cash and Equivalents</b>	<b>40,740</b>	<b>2,733</b>
<b>Cash and Equivalents, Beginning of Year</b>	<b><u>46,291</u></b>	<b><u>43,558</u></b>
<b>Cash and Equivalents, End of Year</b>	<b><u>\$ 87,031</u></b>	<b><u>\$ 46,291</u></b>

**Non-Cash Investing Activity:** D.C. Central Kitchen transferred to the Corporation investments valued at \$300,000 during the year ended December 31, 2008.

See accompanying notes.

**Notes to Financial Statements**  
**December 31, 2008 and 2007**  
**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. (DCCCK), a not-for-profit organization. DCCCK 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, 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
University of Maryland Eastern Shore	Rockville, MD	10/2008	Affiliate
Jacksonville University	Jacksonville, FL	10/2008	Affiliate
University of Vermont	Burlington, VT	11/2008	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.

**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.



**Notes to Financial Statements**  
**December 31, 2008 and 2007**  
**The Campus Kitchens Project, Inc.**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Entity (concluded)

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 19,100 students who have provided more than 206,600 volunteer hours recycling food, working in the kitchen, and delivering more than 845,900 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 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 DCCK as of and for the years ended December 31, 2008 and 2007. 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 primarily 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.

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 \$114,062 and \$105,106 for the years ended December 31, 2008 and 2007, respectively, are reflected in the accompanying financial statements based on management's estimate of the fair value.

**Notes to Financial Statements**  
**December 31, 2008 and 2007**  
**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 214 and 199 thousand pounds of food for the years ended December 31, 2008 and 2007, 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.

As discussed in the “Entity” section above, each of the owned Campus Kitchens is a single-member LLC owned entirely by the Corporation. As such, 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.

The Corporation has not earned any unrelated business taxable income. Therefore, these financial statements contain no provision for federal income taxes. The Corporation has elected to defer the application of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, until the fiscal year beginning January 1, 2009 (or other applicable date). The Corporation has not taken any uncertain tax positions and, therefore, has no policy for evaluating them.

**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:

	2008	2007
2008	\$ --	\$ 266,000
2009	175,000	135,000
Totals	<u>\$ 175,000</u>	<u>\$ 401,000</u>

**Notes to Financial Statements**  
**December 31, 2008 and 2007**  
**The Campus Kitchens Project, Inc.**

**NOTE 3 – Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following:

	2008	2007
Amounts to be received in future years	\$ 175,000	\$ 329,750
Amounts restricted to future programs	80,000	77,000
Totals	<u>\$ 255,000</u>	<u>\$ 406,750</u>

Net assets are reclassified as unconditional promises are received and as expenses are incurred that satisfy program restrictions.

**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.

	2008	2007
2008	\$ --	\$ 70,741
2009	37,639	27,367
2010	15,427	--
2011	8,629	--
Totals	<u>\$ 61,695</u>	<u>\$ 102,699</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 \$80,000 and \$60,000 for the years ended December 31, 2008 and 2007, respectively. Such transactions are accounted for through an inter-company account. As of December 31, 2008 and 2007 the Corporation had no amounts due to or due from DCCK.

DCCK made an operating grant of \$300,000 to the Corporation to help fund the activities of the Corporation for the year ended December 31, 2007. This grant is reflected as Grant Receivable from DCCK at December 31, 2008.