

FINANCIAL STATEMENTS



THE CAMPUS KITCHENS PROJECT, INC.

**FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2015**

THE CAMPUS KITCHENS PROJECT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Campus Kitchens Project, Inc.
Washington, D.C.

We have audited the accompanying financial statements of The Campus Kitchens Project, Inc. (CKP) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and change in net assets, functional expenses and cash flows 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.

Auditor's 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 of 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 CKP as of June 30, 2016, and the change 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.

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Report on Summarized Comparative Information

We have previously audited CKP's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Friedman

October 24, 2016

THE CAMPUS KITCHENS PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 151,677	\$ 8,540
Investments	488,984	465,150
Accounts receivable	3,000	1,200
Grants receivable	75,000	370,000
Prepaid expenses	<u>5,661</u>	<u>5,005</u>
Total current assets	<u>724,322</u>	<u>849,895</u>
OTHER ASSETS		
Grants receivable, net of current portion	<u>-</u>	<u>75,000</u>
TOTAL ASSETS	<u>\$ 724,322</u>	<u>\$ 924,895</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 4,708	\$ 5,812
Accrued salaries and related benefits	34,402	26,283
Deferred revenue	<u>1,200</u>	<u>50</u>
Total current liabilities	<u>40,310</u>	<u>32,145</u>
NET ASSETS		
Unrestricted	614,262	444,875
Temporarily restricted	<u>69,750</u>	<u>447,875</u>
Total net assets	<u>684,012</u>	<u>892,750</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 724,322</u>	<u>\$ 924,895</u>

THE CAMPUS KITCHENS PROJECT, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Contributions	\$ 226,536	\$ 150,000	\$ 376,536	\$ 523,537
DCKK grants	200,000	-	200,000	200,000
Interest and dividends	4,991	-	4,991	4,453
Contributed services and materials	405,799	-	405,799	410,733
Other revenue	112,395	-	112,395	64,320
Net assets released from donor restrictions	<u>528,125</u>	<u>(528,125)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,477,846</u>	<u>(378,125)</u>	<u>1,099,721</u>	<u>1,203,043</u>
EXPENSES				
Program Services:				
Campus Kitchens Project	<u>1,109,129</u>	<u>-</u>	<u>1,109,129</u>	<u>1,055,251</u>
Supporting Services:				
Management and General Development	<u>152,019</u> <u>66,154</u>	<u>-</u> <u>-</u>	<u>152,019</u> <u>66,154</u>	<u>173,901</u> <u>66,616</u>
Total supporting services	<u>218,173</u>	<u>-</u>	<u>218,173</u>	<u>240,517</u>
Total expenses	<u>1,327,302</u>	<u>-</u>	<u>1,327,302</u>	<u>1,295,768</u>
Change in net assets before other item	150,544	(378,125)	(227,581)	(92,725)
OTHER ITEM				
Unrealized gain on investments	<u>18,843</u>	<u>-</u>	<u>18,843</u>	<u>12,197</u>
Change in net assets	169,387	(378,125)	(208,738)	(80,528)
Net assets at beginning of year	<u>444,875</u>	<u>447,875</u>	<u>892,750</u>	<u>973,278</u>
NET ASSETS AT END OF YEAR	<u>\$ 614,262</u>	<u>\$ 69,750</u>	<u>\$ 684,012</u>	<u>\$ 892,750</u>

THE CAMPUS KITCHENS PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

	2016				2015	
	Program Services	Supporting Services			Total Expenses	Total Expenses
	Campus Kitchens Project	Management and General	Development	Total Supporting Services		
Donated food and beverages	\$ 223,681	\$ -	\$ -	\$ -	\$ 223,681	\$ 255,465
Donated rent	159,018	16,100	7,000	23,100	182,118	155,268
Personnel expenses	467,238	119,687	54,600	174,287	641,525	627,291
Purchased food and beverages	16,550	-	-	-	16,550	15,681
Insurance other than vehicle	9,157	-	-	-	9,157	-
Interest and banking	-	1,505	-	1,505	1,505	1,250
Kitchen costs	4,714	-	-	-	4,714	7,109
Office expenses	5,544	1,200	1,200	2,400	7,944	22,278
Meetings and conventions	5,977	-	-	-	5,977	1,840
Professional services	36,475	-	1,320	1,320	37,795	29,060
Program grants and assistance	128,133	-	-	-	128,133	116,875
Technology and communications	14,856	1,150	350	1,500	16,356	16,469
Travel, local and business	28,385	5,500	1,684	7,184	35,569	37,688
Miscellaneous	9,401	6,877	-	6,877	16,278	9,494
TOTAL	\$ 1,109,129	\$ 152,019	\$ 66,154	\$ 218,173	\$ 1,327,302	\$ 1,295,768

THE CAMPUS KITCHENS PROJECT, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (208,738)	\$ (80,528)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	-	13,586
Unrealized gain on investments	(18,843)	(12,197)
(Increase) decrease in:		
Accounts receivable	(1,800)	-
Grants receivable	370,000	150,000
Prepaid expenses	(656)	2,783
Increase (decrease) in:		
Accounts payable	(1,104)	5,064
Accrued salaries and related benefits	8,119	5,620
Deferred revenue	1,150	50
Due to related party	-	(77,051)
Net cash provided by operating activities	<u>148,128</u>	<u>7,327</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments - dividend reinvestment	<u>(4,991)</u>	<u>(4,453)</u>
Net cash used by investing activities	<u>(4,991)</u>	<u>(4,453)</u>
Net increase in cash and cash equivalents	143,137	2,874
Cash and cash equivalents at beginning of year	<u>8,540</u>	<u>5,666</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 151,677</u>	<u>\$ 8,540</u>

THE CAMPUS KITCHENS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Founded in 2001, The Campus Kitchens Project, Inc. (CKP) is a national organization that empowers student volunteers to fight hunger in their community. On university and high school campuses across the country, students transform unused food from dining halls, grocery stores, restaurants, and farmers' markets into meals that are delivered to local agencies serving those in need. By taking the initiative to run a community kitchen, students develop entrepreneurial and leadership skills, along with a commitment to serve their community, that they will carry with them into future careers. Each Campus Kitchen goes beyond meals by using food as a tool to promote poverty solutions, implement garden initiatives, participate in nutrition education, and convene food policy events. In 2002, CKP was incorporated as an affiliated corporation under common control with D.C. Central Kitchen, Inc. (DCKK), a not-for-profit organization. DCKK 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 mission of CKP is to empower students to create sustainable solutions to hunger and food waste.

Locations, opening dates and ownership type of CKP are as follows:

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	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

THE CAMPUS KITCHENS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Organization (continued) -

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
The Metropolitan Memorial United Methodist Cooperative Parish	Washington, DC	08/2012	Affiliate
University of Georgia	Atlanta, GA	08/2012	Affiliate
Georgia Tech University	Atlanta, GA	04/2014	Affiliate
University of Wisconsin - Green Bay	Green Bay, WI	05/2014	Affiliate
Indiana University-Purdue University Indianapolis	Indianapolis, Indiana	09/2014	Affiliate
Southern Illinois University Edwardsville	Edwardsville, Illinois	09/2014	Affiliate
Saint Peter's University	Jersey City, New Jersey	09/2014	Affiliate
Troy University	Troy, Alabama	10/2014	Affiliate
University of Kentucky	Lexington, Kentucky	11/2014	Affiliate
Emory University	Atlanta, Georgia	11/2014	Affiliate
Meredith College	Raleigh, North Carolina	12/2014	Affiliate
Sacred Heart Preparatory School	Atherton, California	03/2015	Affiliate
Walsh University	North Canton, Ohio	04/2015	Affiliate
University of Wisconsin-Madison	Madison, Wisconsin	04/2015	Affiliate
Merrimack College	North Andover, Massachusetts	09/2015	Affiliate
George Mason University	Fairfax, Virginia	09/2015	Affiliate
Virginia Tech	Blacksburg, Virginia	09/2015	Affiliate
University of Houston	Houston, Texas	10/2015	Affiliate
Arkansas Tech University	Russellville, Arkansas	02/2016	Affiliate
Baldwin Wallace University	Berea, Ohio	02/2016	Affiliate
Fayetteville State University	Fayetteville, North Carolina	04/2016	Affiliate
Westtown School	West Chester, Pennsylvania	05/2016	Affiliate

The contracts that define CKP'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 CKP provides 100% of the staffing, funding and ongoing assistance. These were the first of CKP's Campus Kitchens, and therefore, acted as "pilot" programs, over which CKP retains control and for which CKP 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 Kitchens 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.

Both owned and affiliated Campus Kitchens programs coordinate food donations, prepare and deliver meals to area community service agencies, create and deliver programs that address the underlying root causes of hunger, and provide service-learning opportunities for students. Since its inception in 2001, CKP has prevented the waste of over 6,000,000 pounds of food and delivered 2,863,493 meals to local partner agencies.

THE CAMPUS KITCHENS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The accompanying financial statements represent the activity of CKP only. The financial statements of CKP have been consolidated with the financial statements of DCCK in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. However, these financial statements are those of CKP alone and, accordingly, are not intended to present the financial position, changes in net assets or cash flows of DCCK as of and for the year ended June 30, 2016. The consolidated financial statements are available at DCCK's headquarters.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CKP's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Cash and cash equivalents -

CKP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, CKP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are reported separately in the Statement of Activities and Change in Net Assets.

Grants and accounts receivable -

Grants and accounts receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. All grants and accounts receivable are to be collected within one year.

Income taxes -

CKP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. CKP is not a private foundation.

As discussed in the "Organization" section above, each of the owned Campus Kitchens is a single-member LLC owned entirely by CKP. The owned Campus Kitchens are treated as a "disregarded entity" for income tax purposes and, as such, their financial activity is reported in conjunction with the Federal tax filings of CKP.

THE CAMPUS KITCHENS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Uncertain tax positions -

For the year ended June 30, 2016, CKP has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Grants to affiliates -

CKP 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. At June 30, 2016, there were no unpaid grants owed to the Campus Kitchens affiliates.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of CKP and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of CKP and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Contributed services and materials -

Contributed services and materials consist of office space and food. Contributed services and materials are recorded at their fair market value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to CKP; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

THE CAMPUS KITCHENS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

CKP invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

CKP adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. CKP accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. **INVESTMENTS**

Investments consisted of the following at June 30, 2016:

	<u>Fair Value</u>
Equity Mutual Funds	<u>\$ 488,984</u>

The following summarizes total investment income:

Interest and dividends	\$ 4,991
Unrealized gain	<u>18,843</u>
TOTAL INVESTMENT INCOME	<u>\$ 23,834</u>

3. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2016:

Fighting Food Waste through Student Engagement and Grassroots Capacity Building	<u>\$ 69,750</u>
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THE CAMPUS KITCHENS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

3. TEMPORARILY RESTRICTED NET ASSETS (Continued)

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Fighting Food Waste through Student Engagement and Grassroots Capacity Building	\$ 80,250
Passage of Time	<u>447,875</u>
	<u>\$ 528,125</u>

4. CONTRIBUTED SERVICES AND MATERIALS

During the year ended June 30, 2016, CKP was the beneficiary of donated goods and services which allowed CKP to provide greater resources toward various programs. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended June 30, 2016.

Donated food and beverage	\$ 223,681
Donated rent	<u>182,118</u>
	<u>\$ 405,799</u>

CKP, through the combined efforts of its owned and affiliate Campus Kitchens, received 88,039 hours of donated services from approximately 28,697 volunteers. These volunteers assisted in the recovery of over 1.3 million pounds of food and the serving of over 349,376 meals. However, the value of the time donated is not reflected in the financial statements since the services do not meet the criteria for recognition. At \$23.56 per hour, this amounts to \$2,074,199 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.

5. RETIREMENT PLAN

On January 1, 2014, CKP adopted a Safe Harbor 401(k) retirement plan for all employees. Employees are eligible to participate in the plan after six full months of employment. CKP uses the Basic Match: 100% of the first 3% of pay that is deferred; and 50% of the next 2% of pay. For the year ended June 30, 2016, CKP contributions totaled \$14,849. Accordingly, this amount is included in personnel expenses in the Statement of Functional Expenses.

6. RELATED PARTY

CKP is organized and operates to support the programs of DCCK. In addition, CKP shares common Board members with DCCK. Certain revenues and expenses related to CKP are received or paid by DCCK on behalf of CKP. From time to time, CKP and DCCK may make temporary operating loans to and from each other. CKP also reimburses DCCK for certain management and administrative support, which totaled \$55,686 for the year ended June 30, 2016. In addition, during the year ended June 30, 2016, DCCK provided operating grants totaling \$200,000.

THE CAMPUS KITCHENS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

7. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, CKP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market CKP has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

Equity Mutual funds - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

The table below summarizes, by level within the fair value hierarchy, CKP's investments as of June 30, 2016:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Mutual Funds	<u>\$ 488,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,984</u>

8. SUBSEQUENT EVENTS

In preparing these financial statements, CKP has evaluated events and transactions for potential recognition or disclosure through October 24, 2016, the date the financial statements were issued.