

COMMUNITY KITCHEN, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Community Kitchen, Inc.

We have audited the accompanying statements of financial position of Community Kitchen, Inc. as of December 31, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These statements are the responsibility of the management. 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 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 audit provides 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 Community Kitchen, Inc. as of December 31, 2009 and 2008 and the results of its activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Breen, Winkel & Green LLP
June 7, 2010

COMMUNITY KITCHEN, INC.

Statements of Financial Position
December 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--------------------------------------|-------------------|-------------------|
| Cash | \$ 119,974 | \$ 76,176 |
| Prepaid expenses | 2,117 | 2,106 |
| Grants receivable | 5,765 | 33,352 |
| Equipment and leasehold improvements | 81,250 | 81,250 |
| Less: Accumulated depreciation | <u>(80,500)</u> | <u>(80,439)</u> |
| Total | <u>\$ 128,606</u> | <u>\$ 112,445</u> |

LIABILITIES AND NET ASSETS

| | | |
|-------------------------------------|-------------------|-------------------|
| Accounts payable | \$ 4,131 | \$ 5,937 |
| Accrued payroll | <u>2,164</u> | <u>4,625</u> |
| Total Liabilities | <u>6,295</u> | <u>10,562</u> |
| Net Assets - Temporarily Restricted | 44,220 | 34,167 |
| Net Assets - Unrestricted | <u>78,094</u> | <u>67,716</u> |
| Total Net Assets | <u>122,314</u> | <u>101,883</u> |
| Total Liabilities and Net Assets | <u>\$ 128,609</u> | <u>\$ 112,445</u> |

COMMUNITY KITCHEN, INC.

Statement of Activities
For the year ended December 31, 2009

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|-------------------|
| Public Support and Revenue | | | |
| Public Support | | | |
| Donations | \$ 183,336 | \$ 41,661 | \$ 224,997 |
| Service fees | 36,601 | 2,559 | 39,160 |
| Donation - In Kind | 261,075 | - | 261,075 |
| Total Public Support | <u>481,012</u> | <u>44,220</u> | <u>525,232</u> |
| Revenue | | | |
| Interest | <u>6</u> | <u>-</u> | <u>6</u> |
| Total Revenue | <u>6</u> | <u>-</u> | <u>6</u> |
| Net assets released from restrictions | <u>34,167</u> | <u>(34,167)</u> | <u>-</u> |
| Total Support and Revenue | <u>515,185</u> | <u>10,053</u> | <u>525,238</u> |
| Expenses | | | |
| Program services | 471,315 | - | 471,315 |
| Supporting services | | | |
| Management and general | 22,784 | - | 22,784 |
| Fund raising | 10,708 | - | 10,708 |
| Total Supporting Services | <u>33,492</u> | <u>-</u> | <u>33,492</u> |
| Total Expenses | <u>504,807</u> | <u>-</u> | <u>504,807</u> |
| Increase in net assets | 10,378 | 10,053 | 20,431 |
| Net assets, beginning of year | <u>67,716</u> | <u>34,167</u> | <u>101,883</u> |
| Net assets, end of year | <u>\$ 78,094</u> | <u>\$ 44,220</u> | <u>\$ 122,314</u> |

COMMUNITY KITCHEN, INC.

Statement of Activities
For the year ended December 31, 2008

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|-------------------|
| Public Support and Revenue | | | |
| Public Support | | | |
| Donations | \$ 188,217 | \$ 23,515 | \$ 211,732 |
| Service fees | 35,908 | - | 35,908 |
| Donation - In Kind | 262,273 | - | 262,273 |
| Total Public Support | <u>486,398</u> | <u>23,515</u> | <u>509,913</u> |
| Revenue | | | |
| Interest | <u>45</u> | <u>-</u> | <u>45</u> |
| Total Revenue | <u>45</u> | <u>-</u> | <u>45</u> |
| Net assets released from restrictions | <u>55,453</u> | <u>(55,453)</u> | <u>-</u> |
| Total Support and Revenue | <u>541,896</u> | <u>(31,938)</u> | <u>509,958</u> |
| Expenses | | | |
| Program services | 472,740 | - | 472,740 |
| Supporting services | | | |
| Management and general | 22,493 | - | 22,493 |
| Fund raising | 11,385 | - | 11,385 |
| Total Supporting Services | <u>33,878</u> | <u>-</u> | <u>33,878</u> |
| Total Expenses | <u>506,618</u> | <u>-</u> | <u>506,618</u> |
| Increase (decrease) in net assets | 35,278 | (31,938) | 3,340 |
| Net assets, beginning of year | <u>32,438</u> | <u>66,105</u> | <u>98,543</u> |
| Net assets, end of year | <u>\$ 67,716</u> | <u>\$ 34,167</u> | <u>\$ 101,883</u> |

COMMUNITY KITCHEN, INC.

Statements of Cash Flows
For the years ending December 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|--------------------|--------------------|
| Cash Flows from Operating Activities | | |
| Increase in net assets | \$ 20,431 | \$ 3,340 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 61 | 61 |
| (Increase) Decrease in prepaid insurance | (11) | 59 |
| Decrease in grants receivable | 27,587 | 21,485 |
| (Decrease) Increase in accounts payable | (1,806) | 402 |
| (Decrease) Increase in accrued payroll | <u>(2,461)</u> | <u>4,625</u> |
| Net cash provided by operating activities | <u>43,801</u> | <u>29,972</u> |
| Net increase in cash | 43,801 | 29,972 |
| Cash - Beginning of Year | <u>76,176</u> | <u>46,204</u> |
| Cash - End of Year | <u>\$ 119,977</u> | <u>\$ 76,176</u> |

COMMUNITY KITCHEN, INC.

Statement of Functional Expense
For the year ending December 31, 2009

| | Program Service | Supporting Services | | | Total 2009 |
|--|--------------------|---------------------------|------------------|------------------|-------------------|
| | | Management and General | Fund Raising | Total | |
| Salaries | \$ 132,637 | \$ 7,369 | \$ 7,369 | \$ 14,738 | \$ 147,373 |
| Payroll taxes | 18,051 | 1,003 | 1,003 | 2,006 | 20,058 |
| Total salaries and related expenses | 150,688 | 8,372 | 8,372 | 16,744 | 167,431 |
| Donated value of meals | 261,075 | - | - | - | 261,075 |
| Kitchen supplies | 17,372 | - | - | - | 17,372 |
| Office supplies | 95 | 852 | - | 852 | 947 |
| Facilities - rent & utilities | 33,212 | 1,845 | 1,845 | 3,690 | 36,902 |
| Building and equipment maintenance | 770 | 43 | 43 | 86 | 856 |
| Vehicle expense | 5,325 | 296 | 296 | 592 | 5,917 |
| Professional fees and contract services | - | 9,684 | - | 9,684 | 9,684 |
| Mailing and promotions | - | 1,534 | - | 1,534 | 1,534 |
| Insurance | 802 | 45 | 45 | 90 | 892 |
| Miscellaneous | 1,921 | 107 | 107 | 214 | 2,135 |
| Total expenses before depreciation | 471,260 | 22,778 | 10,708 | 33,486 | 504,746 |
| Depreciation | 55 | 6 | - | 6 | 61 |
| Total Expenses | <u>\$ 471,315</u> | <u>\$ 22,784</u> | <u>\$ 10,708</u> | <u>\$ 33,492</u> | <u>\$ 504,807</u> |

COMMUNITY KITCHEN, INC.

Statement of Functional Expense
For the year ending December 31, 2008

| | Program Service | Supporting Services | | | Total 2008 |
|--|--------------------|---------------------------|------------------|------------------|-------------------|
| | | Management and General | Fund Raising | Total | |
| Salaries | \$ 142,885 | \$ 7,938 | \$ 7,938 | \$ 15,876 | \$ 158,761 |
| Payroll taxes | <u>21,023</u> | <u>1,168</u> | <u>1,168</u> | <u>2,336</u> | <u>23,358</u> |
| Total salaries and related expenses | 163,908 | 9,106 | 9,106 | 18,212 | 182,119 |
| Donated value of meals | 262,273 | - | - | - | 262,273 |
| Kitchen supplies | 5,260 | - | - | - | 5,260 |
| Office supplies | 225 | 2,024 | - | 2,024 | 2,249 |
| Facilities - rent & utilities | 32,282 | 1,794 | 1,794 | 3,588 | 35,870 |
| Building and equipment maintenance | 350 | 19 | 19 | 38 | 388 |
| Vehicle expense | 5,403 | 300 | 300 | 600 | 6,003 |
| Professional fees and contract services | - | 7,340 | - | 7,340 | 7,340 |
| Mailing and promotions | - | 1,738 | - | 1,738 | 1,738 |
| Insurance | 1,144 | 64 | 64 | 128 | 1,272 |
| Miscellaneous | <u>1,840</u> | <u>102</u> | <u>102</u> | <u>204</u> | <u>2,044</u> |
| Total expenses before depreciation | 472,685 | 22,487 | 11,385 | 33,872 | 506,556 |
| Depreciation | <u>55</u> | <u>6</u> | <u>-</u> | <u>6</u> | <u>61</u> |
| Total Expenses | <u>\$ 472,740</u> | <u>\$ 22,493</u> | <u>\$ 11,385</u> | <u>\$ 33,878</u> | <u>\$ 506,617</u> |

COMMUNITY KITCHEN, INC.

Notes to the Financial Statements
December 31, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies

Organization

Community Kitchen, Inc. (the Organization) provides food, clothing and informal counseling to low-income residents in Columbus, Ohio.

Basis of Presentation

The financial statements of Community Kitchen, Inc. have been prepared on the accrual basis of accounting.

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

The Organization has also adopted SFAS No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Donations

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization has chosen to show donor restricted donations whose restrictions are met in the same year as unrestricted support.

Property and Equipment

Purchases of property and equipment in excess of \$5,000 are capitalized at cost. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets: 32 to 40 years for buildings and improvements, 5 to 12 years for furniture, fixtures, and equipment, and 5 years for vehicles. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred.

COMMUNITY KITCHEN, INC.

Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Grants Receivable

Grants receivable amounted to \$5,765 and \$33,352 for the years ending December 31, 2009 and 2008, respectively. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time.

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.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Donated Goods and Services

The Organization receives a substantial amount of donated materials and services. Donated food is valued at its approximate fair market value.

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also serve meals and various other services throughout the year that are not recognized as donations in the financial statements since the recognition criteria under SFAS No. 116 were not met.

COMMUNITY KITCHEN, INC.

Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

Note 3 – Equipment and Leasehold Improvements

Depreciation of equipment and leasehold improvements is provided on a straight-line basis over the estimated useful lives of the assets. At December 31, the costs of assets were as follows:

| | <u>2009</u> | <u>2008</u> |
|--------------------------------|-----------------|-----------------|
| Furniture and fixtures | \$ 8,276 | \$ 8,276 |
| Kitchen equipment | 51,175 | 51,175 |
| Leasehold improvements | 1,928 | 1,928 |
| Automobile | <u>19,871</u> | <u>19,871</u> |
| Total | 81,250 | 81,250 |
| Less: Accumulated depreciation | <u>(80,500)</u> | <u>(80,439)</u> |
| Total | <u>\$ 750</u> | <u>\$ 811</u> |

Note 4 – Line of Credit

The Organization has a line of credit with Huntington National Bank. During 2008, the Organization increased its line of credit to \$25,000 with an interest rate of 5%. The previous amount was \$10,000 with an interest rate of 8.25%. As of December 31, 2009 and 2008, the outstanding balances were \$0. The Organization has no plans to draw against the line of credit during 2010.

Note 5 – Temporarily Restricted Assets

Temporarily restricted net assets at December 31, 2009 are \$44,420. These amounts have been received from the following sources but held for release in 2010:

| | |
|-------------------------|-----------------|
| Montei Foundation | \$ 4,000 |
| Harry C. Moores | 10,917 |
| Schott Foundation | 16,667 |
| City of Columbus | 2,559 |
| Paul G. Duke Foundation | <u>10,077</u> |
| Temporarily Restricted | <u>\$44,420</u> |

Temporarily restricted net assets at December 31, 2008 are \$34,167. These amounts have been received from the following sources but held for release in 2009:

| | |
|-------------------------|-----------------|
| Ingram White Castle | \$25,000 |
| Paul G. Duke Foundation | <u>9,167</u> |
| Temporarily Restricted | <u>\$34,167</u> |