

World Central Kitchen, Inc.

Financial Statements
and
Independent Auditors' Report

December 31, 2016

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Kattell and Company, P.L.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
World Central Kitchen, Inc.
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of World Central Kitchen, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows, and functional expenses 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.

Auditors' 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 from 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 the Organization as of December 31, 2016, and the changes 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.

Report on Summarized Comparative Information. We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kattell and Company, P.L.

April 26, 2017

"Not everything that counts can be counted, and not everything that can be counted counts."

- Albert Einstein

Statement of Financial Position
December 31, 2016
(with summarized information for 2015)
World Central Kitchen, Inc.

	<u>2016</u>	<u>2015</u>
Assets		
Cash – Non Interest Bearing	\$ 27,060	\$ 37,363
Cash – Interest Bearing	65,303	48,216
Donations Receivable	24,035	--
Pledge Receivable	--	50,000
Security Deposit	2,932	2,500
	<u>2,932</u>	<u>2,500</u>
Total Assets	<u>\$ 119,330</u>	<u>\$ 138,079</u>
Liabilities and Net Assets		
Liabilities:	\$ --	\$ --
Net Assets:		
Unrestricted	119,330	88,079
Temporarily Restricted	--	50,000
	<u>119,330</u>	<u>138,079</u>
Total Net Assets	119,330	138,079
Total Liabilities and Net Assets	<u>\$ 119,330</u>	<u>\$ 138,079</u>

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2016
(with summarized information for 2015)
World Central Kitchen, Inc.

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenues and Support:</u>				
Contributions:				
Board	\$ 26,630	\$ --	\$ 26,630	\$ 5,000
Other	432,033	--	432,033	395,316
Event: Dine-N-Dash				
Revenues	319,866	--	319,866	333,538
Direct Donor Benefits	(143,080)	--	(143,080)	(97,902)
Net	<u>176,786</u>	<u>--</u>	<u>176,786</u>	<u>235,636</u>
Interest Income	87	--	87	139
Net assets released from purpose restrictions	<u>50,000</u>	<u>(50,000)</u>	<u>--</u>	<u>--</u>
Total Support and Revenues	685,536	(50,000)	635,536	636,091
<u>Expenses</u>				
Programs	471,328	--	471,328	484,366
Management & General	92,143	--	92,143	51,944
Fundraising	<u>90,814</u>	<u>--</u>	<u>90,814</u>	<u>126,064</u>
Total Expenses	654,285	--	654,285	662,374
Change in Net Assets	31,251	(50,000)	(18,749)	(26,283)
Net Assets, Beginning of Year	88,079	50,000	138,079	164,362
Net Assets, End of Year	\$ 119,330	\$ --	\$ 119,330	\$ 138,079

See accompanying notes.

Statement of Cash Flows
For the Year Ended December 31, 2016
(with summarized information for 2015)
World Central Kitchen, Inc.

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (18,749)	\$ (26,283)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Change in Donations Receivable	25,965	--
Change in Pledge Receivable	--	(40,000)
Change in Security Deposit	(432)	--
	<u>6,784</u>	<u>(66,283)</u>
Net Cash Provided by (Used In) Operating Activities	6,784	(66,283)
Cash, Beginning of Year	<u>85,579</u>	<u>151,862</u>
Cash, End of Year	<u>\$ 92,363</u>	<u>\$ 85,579</u>

Reconciliation to Cash on the Statement of Financial Position:

Cash – Non Interest Bearing	\$ 27,060	\$ 37,363
Cash – Interest Bearing	<u>65,303</u>	<u>48,216</u>
Total Cash	<u>\$ 92,363</u>	<u>\$ 85,579</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2016
(with summarized information for 2015)
World Central Kitchen, Inc.

	2016								2015
	Program Services				Supporting Activities				Total
	Health	Education	Jobs	Total	Management & General	Fundraising	Donor Benefits	Total	
Salaries	\$ 39,281	\$ 39,281	\$ 39,281	\$ 117,843	\$ 57,109	\$ 31,022	\$ --	\$ 205,974	\$ 184,774
Benefits	2,959	2,959	2,959	8,877	1,109	1,109	--	11,095	17,010
Payroll Taxes	3,106	3,106	3,106	9,318	4,408	2,411	--	16,137	14,393
Professional Fees	26,303	13,220	62,419	101,942	13,596	7,650	--	123,188	110,537
Licenses and Fees	--	--	--	--	--	3,261	--	3,261	156
Marketing/Advertising - General	670	670	670	2,010	--	11,467	--	13,477	64,038
Marketing/Advertising – Event	--	--	--	--	--	24,076	--	24,076	--
Facilities, Food and Entertainment	--	--	--	--	--	--	143,080	143,080	97,902
Insurance	--	--	--	--	1,737	--	--	1,737	1,000
Printing	--	--	--	--	--	5,770	--	5,770	444
Occupancy	5,085	5,085	5,085	15,255	13,494	3,851	--	32,600	40,179
Supplies	230	230	230	690	690	197	--	1,577	3,802
Travel	16,652	16,652	16,652	49,956	--	--	--	49,956	41,035
Grants	25,000	60,155	52,500	137,655	--	--	--	137,655	--
Food and Supplies	23,130	--	4,652	27,782	--	--	--	27,782	185,006
Total Expenses	142,416	141,358	187,554	471,328	92,143	90,814	143,080	797,365	760,276
Donor Benefits shown net of Event Revenues	--	--	--	--	--	--	(143,080)	(143,080)	(97,902)
Expenses Report on the Statement of Activities	\$ 142,416	\$ 141,358	\$ 187,554	\$ 471,328	\$ 92,143	\$ 90,814	\$ --	\$ 654,285	\$ 662,374

See accompanying notes.

Notes to the Financial Statements
December 31, 2016
World Central Kitchen, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

World Central Kitchen, Inc. (the Organization) is a nonprofit corporation organized in 2010 under the Maryland General Corporation Law. The Organization's mission: *Using the power of food to empower communities and strengthen economies.*

The Organization's goal is to find sustainable solutions to ending food insecurity and malnutrition. The Organization is dedicated to providing food for vulnerable people, supporting local agriculture, and promoting environmentally sustainable cooking fuels and technologies.

Tax-Exempt Status

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business taxable income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Organization qualifies for the charitable contributions deduction and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Organization is operated exclusively for charitable, scientific and educational purposes. The Organization holds no uncertain tax positions and, therefore, has no policy for evaluating them.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization is considered a voluntary health and welfare organization and a statement of functional expenses is presented.

Cash

Cash consists of deposits in a checking account, a savings account, and an account with PayPal.

Receivables

The Organization recorded pledges from multiple donors at December 31, 2015. The amount was fully collected in 2016.

Property and Equipment

The Organization's policy is to capitalize all purchases of furniture, equipment, and other capital assets with a value of \$5,000 or greater and a useful life in excess of one year. Purchased fixed assets would be recorded at cost and donated fixed assets would be initially recorded at estimated fair value. Depreciation expense would be computed on a straight-line basis over estimated useful lives of the assets. The Organization had no assets meeting this policy during the years ended December 31, 2016 and 2015.

Net Assets

Net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

Permanently Restricted - Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which do not expire by passage of time or cannot be fulfilled by actions of the Organization. The Organization does not have any permanently restricted net assets.

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 Organization.

Unrestricted - Those net assets that are neither permanently nor temporarily restricted.

Notes to the Financial Statements
December 31, 2016
World Central Kitchen, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Revenue Recognition

Contributions – General. Contributions are recognized as revenue when they are received or unconditionally pledged and are recorded at their estimated fair values.

Contributions – Services. Donated services, if any, are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The Organization receives a significant amount of services from volunteers which do not meet the above criteria for recognition in financial statements.

Functional Expenses

Direct expenses are assigned to the various functional categories based on the purpose achieved by each expense. Indirect expenses are allocated to more than one functional category in accordance with an estimate of the relative benefit received by the expenses. Indirect expenses consist mainly of certain personnel and occupancy costs. Expenses are classified in the following functional categories:

Program Services – Program services consist of direct costs of the following program focus areas and an allocation of overhead costs:

- **Health** – Clean kitchens, conversion of charcoal stoves to LPG, water, food safety and sanitation.
- **Education** – Clean kitchens, healthy meals, more children in school.
- **Jobs** – Skills training, job creation.

Specific programs are listed on the Organization’s website: <https://www.worldcentralkitchen.org>.

Fundraising – Fundraising expenses include an allocation of contract labor and overhead costs, as well as other direct expenses.

Management and General – Management and general expenses include all activities required to conduct the affairs of the Organization which are not allocable to other functional areas.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates.

NOTE 2 – CASH

Deposits in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per institution. The Organization held no balances in excess of insured limits.

NOTE 3 – RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of a pledge receivable at December 31, 2015, and therefore were time restricted.

Notes to the Financial Statements
December 31, 2016
World Central Kitchen, Inc.

NOTE 4 – FUNDRAISING EVENTS

The Organization generated the following revenues and expenses from the Dine-n-Dash event:

	<u>2016</u>	<u>2015</u>
Fair Value of Tickets Sold	\$ 114,160	\$ 105,990
Sponsorships and Contributions	205,706	227,548
Total Event Revenues	<u>319,866</u>	<u>333,538</u>
Direct Donor Benefits	(143,080)	(97,902)
Event Proceeds - Net	176,786	235,636
Fundraising Costs	<u>(41,227)</u>	<u>(56,907)</u>
Net Revenue from Events	<u>\$ 135,558</u>	<u>\$ 178,729</u>

NOTE 5 - GRANTS

The Organization partners with some of the top international nonprofit organizations that are making a difference in the fight against hunger.

- During 2016, the Organization made grants to Media Mind Marketing for a Fisherman First Project, which provides new boats, modern equipment, and a new facility which supports local fishing industry.
- During 2016 and 2015, the Organization made grants to CESAL, a Spanish non-governmental organization dedicated to international cooperation and now present in 15 countries in Latin America and Africa with projects in education, health, housing, water and sanitation, production development, micro enterprise and job training. The Organization and CESAL partnered to refurbish 10 school kitchens in Haiti.
- During 2016 and 2015, the organization made grants to convert kitchens, improve water supply, create sustainable food supply through community gardens and chicken farms.

NOTE 6 – LEASES

The Organization leases office space in Washington DC. The Organization moved office spaces during the year ended December 31, 2016. The current lease is month to month and requires a one month notification for termination. Total rental expense for December 31, 2016 and 2015 was \$32,600 and \$40,179 respectively. The lessor holds a security deposit in the amount of \$2,933.

NOTE 7 – SUMMARIZED COMPARATIVE INFORMATION

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 accounting principles generally accepted in the United State of America. Accordingly, such information should be read in conjunction with the Corporation’s financial statements for the year ended December 31, 2015, from which the summarized information was derived.

NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through April 26, 2017, which is the date the financial statements were available to be issued.