

World Central Kitchen, Inc.

Financial Statements
and
Independent Auditors' Report

December 31, 2014

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Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 19, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kattell and Company, P.L.

March 25, 2015

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

- Albert Einstein

Statement of Financial Position
December 31, 2014
(with summarized information for 2013)
World Central Kitchen, Inc.

	<u>2014</u>	<u>2013</u>
Assets		
Cash – Non Interest Bearing	\$ 45,785	\$ 63,745
Cash – Interest Bearing	106,077	35,489
Pledge Receivable	10,000	--
Prepaid Expense	--	1,038
Security Deposit	2,500	2,500
Total Assets	<u>\$ 164,362</u>	<u>\$ 102,772</u>
Liabilities and Net Assets		
Liabilities:	<u>\$ --</u>	<u>\$ --</u>
Net Assets:		
Unrestricted	121,737	102,772
Temporarily Restricted	42,625	--
Total Liabilities and Net Assets	<u>\$ 164,362</u>	<u>\$ 102,772</u>

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2014
(with summarized information for 2013)
World Central Kitchen, Inc.

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Unrestricted Total
Revenues and Support:				
Contributions:				
Cash	\$ 261,140	\$ 125,000	\$ 386,140	\$ 305,698
In-Kind	54,400	--	54,400	--
Event: Dine-N-Dash				
Revenues	204,601	--	204,601	80,106
Direct Donor Benefits	(68,675)	--	(68,675)	(25,600)
Net	<u>135,926</u>	--	<u>135,926</u>	<u>54,506</u>
Interest Income	159	--	159	175
Net assets released from purpose restrictions	<u>82,375</u>	<u>(82,375)</u>	<u>--</u>	<u>--</u>
Total Support and Revenues	534,000	42,625	576,625	360,379
Expenses				
Program	356,555	--	356,555	223,545
Management and General	53,866	--	53,866	20,123
Fundraising	<u>104,614</u>	<u>--</u>	<u>104,614</u>	<u>48,408</u>
Total Expenses	515,035	--	515,035	292,076
Change in Net Assets	18,965	42,625	61,590	68,303
Net Assets, Beginning of Year	102,772	--	102,772	34,469
Net Assets, End of Year	<u>\$ 121,737</u>	<u>\$ 42,625</u>	<u>\$ 164,362</u>	<u>\$ 102,772</u>

See accompanying notes.

Statement of Cash Flows
For the Year Ended December 31, 2014
(with summarized information for 2013)
World Central Kitchen, Inc.

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 61,590	\$ 68,303
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Change in Pledge Receivable	(10,000)	--
Change in Prepaid Expenses	<u>1,038</u>	<u>(1,038)</u>
Net Cash Provided by Operating Activities	52,628	67,265
Cash, Beginning of Year	<u>99,234</u>	<u>31,969</u>
Cash, End of Year	<u>\$ 151,862</u>	<u>\$ 99,234</u>

Reconciliation to Cash on the Statement of Financial Position

Cash – Non Interest Bearing	\$ 45,785	\$ 63,745
Cash – Interest Bearing	<u>106,077</u>	<u>35,489</u>
Total Cash	<u>\$ 151,862</u>	<u>\$ 99,234</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2014
(with summarized information for 2013)
World Central Kitchen, Inc.

	2014				Total Expenses	2013
	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Dine-N-Dash Event</u>		<u>Expenses</u>
Salaries	\$ 114,182	\$ 25,000	\$ 39,183	\$ --	\$ 178,365	\$ 108,173
Benefits	8,971	1,962	3,084	--	14,017	9,850
Payroll Taxes	8,469	1,853	2,911	--	13,233	8,705
Professional Fees	55,785	12,405	11,389	--	79,579	40,185
Licenses and Fees	--	395	--	--	395	924
Marketing and Advertising	--	1,820	32,077	--	33,897	13,527
Facilities, Food and Entertainment	--	--	--	68,675	68,675	25,600
Insurance	--	1,000	--	--	1,000	1,417
Printing	--	3,301	5,313	--	8,614	601
Occupancy	22,675	4,960	7,794	--	35,429	33,045
Dues/Subscriptions	1,000	--	--	--	1,000	--
Supplies	268	1,170	2,863	--	4,301	4,525
Travel	18,490	--	--	--	18,490	11,851
Grants :						
Cash Grants	72,315	--	--	--	72,315	59,273
In-Kind Assistance	54,400	--	--	--	54,400	--
Total Expenses	356,555	53,866	104,614	68,675	583,710	317,676
Donor Benefits shown net of Event Revenues	--	--	--	(68,675)	(68,675)	(25,600)
Expenses Report on the Statement of Activities	<u>\$ 356,555</u>	<u>\$ 53,866</u>	<u>\$ 104,614</u>	<u>\$ --</u>	<u>\$ 515,035</u>	<u>\$ 292,076</u>

See accompanying notes.

Notes to the Financial Statements

December 31, 2014

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, to supporting local agriculture, to 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. The Organization's Form 990, *Return of Organization Exempt from Income Taxes*, is subject to examination by the IRS, generally for three years after the date filed.

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.

Pledge Receivable

The Organization recorded a pledge from one donor at December 31, 2014. The amount is expected to be fully collected in the first quarter of 2015; no allowance for doubtful collections and no discount is recorded.

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, 2014 and 2013.

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, 2014

World Central Kitchen, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 projects and an allocation of overhead costs:

- **21 Women Honey** is produced and bottled by a cooperative in the mountains of the Dominican Republic, bringing profits back into their village's agricultural center and to their families. World Central Kitchen is helping the women double their production and market their product.
- **Haiti Breathes** is a partnership between World Central Kitchen, USAID, Chemonics, and Switch Haiti targets 800 schools in the Port-au-Prince area for energy conversion from charcoal to liquid petroleum gas. This includes equipment conversion and Chef Network training on food safety and sanitation.
- **The Palmiste Tampe Haitian Smart School Kitchen** and community garden feeds 200 students daily. Community members have been trained on clean cook stoves, kitchen hygiene, and childhood nutrition, and are utilizing local ingredients produced in the garden to prepare nutritious daily meals.
- The **Boulanjri Beni Sustainable Bakery** in Haiti was designed by José Andrés and World Central Kitchen, and includes baker training, bread production, and sales on site at a Partners in Health orphanage.
- **Pwason Beni Fish Restaurant** is also located on site at the Zamni Beni orphanage, and has created new jobs, providing staff with further culinary skills and customer-service training.
- The **World Central Kitchen Culinary School and WCK curriculum** design supports workforce development through improved culinary skills, meal production, front of house service, kitchen hygiene, food safety, job search and other career skills in the hospitality sector.
- **Washington, D.C.'s Dog Tag Bakery** is WCK's first partner located in the U.S. and teaches military veterans culinary-based skills to use at their bakery. World Central Kitchen provides "Guest Baker" classes through our Chef Network, and donates a portion of proceeds from our annual signature Dine-N-Dash event.
- The **Smart School Kitchen in Lusaka, Zambia** is a partnership with the Coptic Mission and Meant 2 Live Foundation's new orphan school. WCK is helping build a school kitchen and bakery to support the school, its students, and the local community at large, as well as provide a venue for Chef Network food safety and sanitation training.

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.

Notes to the Financial Statements

December 31, 2014

World Central Kitchen, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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 – FUNDRAISING EVENTS

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

	<u>2014</u>	<u>2013</u>
Fair Value of Tickets Sold	\$ 75,126	\$ 25,850
Sponsorships and Contributions	<u>139,475</u>	<u>54,256</u>
Total Event Revenues	204,601	80,106
Costs of Direct Donor Benefits	<u>(68,675)</u>	<u>(25,600)</u>
Event Proceeds – Net	135,926	54,506
Fundraising Costs	<u>(29,977)</u>	<u>(9,133)</u>
Net Revenue from Events	<u>\$ 105,949</u>	<u>\$ 45,373</u>

NOTE 4 - GRANTS

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

- During 2013, 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 on projects in Palmiste Tampe, Haite, and the Honey project in the Dominican Republic.
- During 2014, cash and in-kind grants we used to build the Pwason Beni fish restaurant adjacent to Boulanjri Beni, a sustainable bakery. The Organization has plans to replicate the model created for Pwason Beni in other locations.

NOTE 5 – LEASES

The Organization leases office space in Washington DC. Absent a three month notice of termination from the Organization, annual lease terms are automatically extended on August 31 of each year. Total rental expense for December 31, 2014 and 2013 was \$35,429 and \$30,764 respectively. The lessor holds a security deposit in the amount of \$2,500.

Notes to the Financial Statements

December 31, 2014

World Central Kitchen, Inc.

NOTE 6 – 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, 2013, from which the summarized information was derived.

NOTE 7 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through March 25, 2015, which is the date the financial statements were available to be issued.