

World Central Kitchen, Inc.

Financial Statements
and
Independent Auditors' Report

December 31, 2015

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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, 2015, 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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 25, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kattell and Company, P.L.

May 19, 2016

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

- Albert Einstein

Statement of Financial Position
December 31, 2015
(with summarized information for 2014)
World Central Kitchen, Inc.

	<u>2015</u>	<u>2014</u>
Assets		
Cash – Non Interest Bearing	\$ 37,363	\$ 45,785
Cash – Interest Bearing	48,216	106,077
Pledge Receivable	50,000	10,000
Security Deposit	2,500	2,500
Total Assets	<u>\$ 138,079</u>	<u>\$ 164,362</u>
Liabilities and Net Assets		
Liabilities:	<u>\$ --</u>	<u>\$ --</u>
Net Assets:		
Unrestricted	88,079	121,737
Temporarily Restricted	50,000	42,625
Total Liabilities and Net Assets	<u>\$ 138,079</u>	<u>\$ 164,362</u>

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2015
(with summarized information for 2014)
World Central Kitchen, Inc.

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenues and Support:</u>				
Contributions:				
Cash	\$ 350,316	\$ 50,000	\$ 400,316	\$ 386,140
In-Kind	--	--	--	54,400
Event: Dine-N-Dash				
Revenues	333,538	--	333,538	204,601
Direct Donor Benefits	(97,902)	--	(97,902)	(68,675)
Net	235,636	--	235,636	135,926
Interest Income	139		139	159
Net assets released from purpose restrictions	42,625	(42,625)	--	--
Total Support and Revenues	628,716	7,375	636,091	576,625
<u>Expenses</u>				
Programs	484,366	--	484,366	356,555
Management & General	51,944	--	51,944	53,866
Fundraising	126,064	--	126,064	104,614
Total Expenses	662,374	--	662,374	515,035
Change in Net Assets	(33,658)	7,375	(26,283)	61,590
Net Assets, Beginning of Year	121,737	42,625	164,362	102,772
Net Assets, End of Year	\$ 88,079	\$ 50,000	\$ 138,079	\$ 164,362

See accompanying notes.

Statement of Cash Flows
For the Year Ended December 31, 2015
(with summarized information for 2014)
World Central Kitchen, Inc.

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (26,283)	\$ 61,590
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Change in Pledge Receivable	(40,000)	(10,000)
Change in Prepaid Expenses	<u> --</u>	<u> 1,038</u>
Net Cash Provided by (Used In) Operating Activities	(66,283)	52,628
Cash, Beginning of Year	<u>151,862</u>	<u>99,234</u>
Cash, End of Year	<u>\$ 85,579</u>	<u>\$ 151,862</u>
 <u>Reconciliation to Cash on the Statement of Financial Position:</u>		
Cash – Non Interest Bearing	\$ 37,363	\$ 45,785
Cash – Interest Bearing	<u>48,216</u>	<u>106,077</u>
Total Cash	<u>\$ 85,579</u>	<u>\$ 151,862</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2015
(with summarized information for 2014)
World Central Kitchen, Inc.

	2015								2014
	Program Services				Supporting Activities				Total
	Health	Education	Jobs	Total	Management & General	Fundraising	Donor Benefits	Total	
Salaries	\$ 39,311	\$ 39,311	\$ 39,310	\$ 117,932	\$ 30,432	\$ 36,410	\$ --	\$ 184,774	\$ 178,365
Benefits	3,873	3,873	3,874	11,620	2,485	2,905	--	17,010	14,017
Payroll Taxes	2,966	2,966	2,966	8,898	2,486	3,009	--	14,393	13,233
Professional Fees	16,487	16,888	57,837	91,212	5,417	13,908	--	110,537	79,579
Licenses and Fees	--	--	--	--	156	--	--	156	395
Marketing and Advertising	--	--	--	--	3,202	60,836	--	64,038	33,897
Facilities, Food and Entertainment	--	--	--	--	--	--	97,902	97,902	68,675
Insurance	--	--	--	--	1,000	--	--	1,000	1,000
Printing	--	--	--	--	--	444	--	444	8,614
Occupancy	9,175	9,174	9,174	27,523	5,625	7,031	--	40,179	35,429
Dues/Subscriptions	--	--	--	--	--	--	--	--	1,000
Supplies	380	380	380	1,140	1,141	1,521	--	3,802	4,301
Travel	13,678	13,679	13,678	41,035	--	--	--	41,035	18,490
Grants :							--		
Paid in Cash	59,077	108,088	17,841	185,006	--	--	--	185,006	72,315
In-Kind Assistance	--	--	--	--	--	--	--	--	54,400
Total Expenses	144,947	194,359	145,060	484,366	51,944	126,064	97,902	760,276	583,710
Donor Benefits shown net of Event Revenues	--	--	--	--	--	--	(97,902)	(97,902)	(68,675)
Expenses Report on the Statement of Activities	\$ 144,947	\$ 194,359	\$ 145,060	\$ 484,366	\$ 51,944	\$ 126,064	\$ --	\$ 662,374	\$ 515,035

See accompanying notes.

Notes to the Financial Statements
December 31, 2015
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.

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, 2015. The amount is expected to be fully collected in 2016; therefore, 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, 2015 and 2014.

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, 2015
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 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 consist of a pledge receivable at December 31, 2015, and therefore are time restricted. At December 31, 2014, temporarily restricted net assets consisted of donations restricted for program activities.

Notes to the Financial Statements
December 31, 2015
World Central Kitchen, Inc.

NOTE 4 – FUNDRAISING EVENTS

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

	<u>2015</u>	<u>2014</u>
Fair Value of Tickets Sold	\$ 105,990	\$ 75,126
Sponsorships and Contributions	227,548	129,475
Total Event Revenues	<u>333,538</u>	<u>204,601</u>
Direct Donor Benefits	<u>(97,902)</u>	<u>(68,675)</u>
Event Proceeds - Net	235,636	135,926
Fundraising Costs	<u>(56,907)</u>	<u>(29,977)</u>
Net Revenue from Events	<u>\$ 178,729</u>	<u>\$ 105,949</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 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 2015, the organization made grants to convert kitchens, improve water supply, create sustainable food supply through community gardens and chicken farms.
- During 2014, cash and in-kind grants were 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 6 – 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, 2015 and 2014 was \$40,179 and \$35,429 respectively. The lessor holds a security deposit in the amount of \$2,500.

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, 2014, from which the summarized information was derived.

NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through May 19, 2016, which is the date the financial statements were available to be issued.