

World Central Kitchen, Inc.

Financial Statements
and
Independent Auditors' Report

December 31, 2013

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Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

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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 Corporation), which comprise the statement of financial position as of December 31, 2013, 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 Corporation as of December 31, 2013, 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.

Kattell and Company, P.L.

March 19, 2014
Gainesville, Florida

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

- Albert Einstein

Statement of Financial Position
December 31, 2013
World Central Kitchen, Inc.

	<u>2013</u>
Assets	
Cash – Non Interest Bearing	\$ 63,745
Cash – Interest Bearing	35,489
Security Deposit	2,500
Prepaid Expense	<u>1,038</u>
Total Assets	<u><u>\$ 102,772</u></u>
Liabilities and Net Assets	
Liabilities:	<u>\$ --</u>
Net Assets:	
Unrestricted	<u>102,772</u>
Total Liabilities and Net Assets	<u><u>\$ 102,772</u></u>

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2013
World Central Kitchen, Inc.

	<u>Total</u>
<u>Revenues and Support:</u>	
Contributions	\$ 305,698
Event Proceeds – Net	54,506
Interest Income	175
Total Support and Revenues	360,379
<u>Expenses</u>	
Program	223,545
Management and General	20,123
Fundraising	48,408
Total Expenses	292,076
Change in Net Assets	68,303
Net Assets, Beginning of Year	34,469
Net Assets, End of Year	\$ 102,772

See accompanying notes.

Statement of Cash Flows
For the Year Ended December 31, 2013
World Central Kitchen, Inc.

	2013
Cash Flows From Operating Activities:	
Change in Net Assets	\$ 68,303
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:	
Change in Prepaid Expenses	(1,038)
Net Cash Provided by Operating Activities	67,265
Cash, Beginning of Year	31,969
Cash, End of Year	\$ 99,234
<u>Reconciliation to Cash on the Statement of Financial Position</u>	
Cash – Non Interest Bearing	\$ 63,745
Cash – Interest Bearing	35,489
Total Cash	\$ 99,234

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2013
World Central Kitchen, Inc.

	2013				
	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Events: Costs of Donor Benefits</u>	<u>Total Expenses</u>
Salaries	75,722	10,817	21,634	\$ --	108,173
Benefits	6,895	985	1,970	--	9,850
Payroll Taxes	6,093	871	1,741	--	8,705
Professional Fees	31,989	1,384	6,812	--	40,185
Licenses and Fees	--	924	--	--	924
Marketing and Advertising	3,885	--	9,642	--	13,527
Facilities, Food and Entertainment	--	--	--	25,600	25,600
Insurance	--	1,417	--	--	1,417
Printing	334	267	--	--	601
Occupancy	23,131	3,305	6,609	--	33,045
Supplies	4,372	153	--	--	4,525
Travel	11,851	--	--	--	11,851
Grants	<u>59,273</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>59,273</u>
Total Expenses	223,545	20,123	48,408	25,600	317,676
Donor Benefits shown net of Event Revenues	<u>--</u>	<u>--</u>	<u>--</u>	<u>(25,600)</u>	<u>(25,600)</u>
Expenses Report on the Statement of Activities	<u>\$ 223,545</u>	<u>\$ 20,123</u>	<u>\$ 48,408</u>	<u>\$ --</u>	<u>\$ 292,076</u>

See accompanying notes.

Notes to the Financial Statements
December 31, 2013
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 is dedicated to providing food for vulnerable people, to supporting local agriculture, to promoting environmentally sustainable cooking fuels and technologies.

The Organization's goal is to find sustainable solutions to ending food insecurity and malnutrition. By using the power of food to empower communities and strengthen economies.

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.

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 year ended December 31, 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. The Organization does not have any temporarily restricted net assets.

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

Notes to the Financial Statements

December 31, 2013

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 criteria above.

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:

- **Smart School Kitchen – Palmiste Tampe, Haiti.** At the Palmiste Tampe School, the Organization is leading the way in the construction of a Smart Kitchen and community garden that will help feed the 300 students who use its canteen daily. Community members will be trained on clean cook stoves and will utilize the local ingredients produced in the garden. By empowering community members, the Organization aims to create both a local and sustainable solution to hunger.
- **Elie du Bois Culinary School – Port Au Prince, Haiti.** The Organization is creating the Elie du Bois Culinary School – empowering young Haitian women by teaching them professional culinary skills, meal production, front of house service, kitchen hygiene, food safety, job search and other career skills. The Organization will renovate the space into a full-fledged Culinary School, complete with a functional Cafe – supporting the program by generating revenue. This curriculum will prepare these young women for careers in the hotel and food service industries – offering them a new path in life.
- **Sustainable Bakery – Port Au Prince, Haiti.** The Zamni Beni Bakery is located at the Zamni Beni orphanage in Port Au Prince, Haiti. The Organization has completed Phase 1 – with training of 5 bakers, and is now following thru with phase 2 – increasing bread production and selling their product. This will allow them to not only feed themselves, but will help sustain the bakery.
- **Dominican Honey Production – Puerto Escondido, Dominican Republic.** In the mountains of the Dominican Republic, on the Haitian border, a small village is changing the lives of their entire community with the production and sales of delicious honey. This honey is produced, bottled and sold by a cooperative of 21 women who spread any profit back into the village’s agricultural center, while at the same time uplifting the quality of life for their immediate and extended families. The Organization recognizes the “power of food to empower communities and strengthen economies”, and as such, will help double their production and assist in marketing the product in small towns and the capital city of Santo Domingo.

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.

Notes to the Financial Statements

December 31, 2013

World Central Kitchen, Inc.

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>Totals</u>
Fair Value of Tickets Sold	\$ 25,850
Sponsorships and Contributions	54,256
Total Event Revenues	<u>80,106</u>
Costs of Direct Donor Benefits	(25,600)
Event Proceeds – Net	<u>54,506</u>
Fundraising Costs	(9,133)
Net Revenue from Events	<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 are partnering on projects in Palmiste Tampe, Haite, and the Honey project in the Dominican Republic.

NOTE 5 – LEASES

The Organization leases an office in Washington DC. The lease term is for a year, ending on August 31, 2014. Total rental expense for 2013 was \$30,764. The lessor is holding a security deposit in the amount of \$2,500.

NOTE 6 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through March 19, 2014, which is the date the financial statements were available to be issued.