

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2009 AND 2008

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Careers through Culinary Arts Program, Inc.

We have audited the accompanying statements of financial position of Careers through Culinary Arts Program, Inc. (a not-for-profit corporation) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Careers through Culinary Arts Program, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
February 2, 2010

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)		
Unrestricted	\$1,245,794	\$1,036,788
Temporarily restricted	287,948	217,623
Permanently restricted	-	1,000
Unconditional promises to give (Notes 1e and 4)		
Unrestricted	20,000	186,774
Temporarily restricted	-	125,000
Investments (Note 5)		
Unrestricted	11,654	10,002
Temporarily restricted	204,950	103,602
Permanently restricted	101,000	100,000
Accounts receivable	71,049	180,758
Prepaid expenses	21,900	19,882
Furniture and equipment, at cost, net of accumulated depreciation of \$61,550 and \$66,935 (Note 1c)	21,058	20,909
Security deposits	<u>9,994</u>	<u>9,994</u>
Total Assets	<u>\$1,995,347</u>	<u>\$2,012,332</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 35,449	\$ 90,545
Scholarships payable	784,114	778,260
Deferred income	11,975	2,000
Total Liabilities	<u>831,538</u>	<u>870,805</u>
Commitment (Note 8)		
Net Assets		
Unrestricted		
Board designated (Note 2a)	400,000	400,000
Other	169,911	194,302
	<u>569,911</u>	<u>594,302</u>
Temporarily restricted (Note 2b)	492,898	446,225
Permanently restricted (Notes 2c and 6)	101,000	101,000
Total Net Assets	<u>1,163,809</u>	<u>1,141,527</u>
Total Liabilities and Net Assets	<u>\$1,995,347</u>	<u>\$2,012,332</u>

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Changes in Unrestricted Net Assets		
Revenue and Other Support		
Donated scholarships (Note 7)	\$2,393,069	\$2,623,850
Donated merchandise (Note 7)	135,733	246,128
Donated services/supplies (Note 7)	152,451	130,158
Contributions		
Foundations	353,500	477,340
Corporate/Corporate Foundations	162,179	163,640
Individuals	50,462	52,589
Contract income	415,139	452,515
Fundraising benefits	516,610	668,162
Less: Direct fundraising costs	(211,102)	(182,538)
Local fundraising events	83,665	112,367
Less: Direct local fundraising costs	(23,348)	(16,221)
Interest	14,835	38,068
Forfeited scholarships	63,443	123,873
Miscellaneous	-	3,643
	<u>4,106,636</u>	<u>4,893,574</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>150,500</u>	<u>146,585</u>
	<u>4,257,136</u>	<u>5,040,159</u>
Expenses		
Program Services		
Culinary arts education	3,401,053	3,905,627
After School	22,522	94,971
Job Development	161,733	141,599
College Advising	131,106	114,269
Certification	-	46,584
Teacher Training	108,189	83,637
Total Program Services	<u>3,824,603</u>	<u>4,386,687</u>
Supporting Services		
Management and general	244,892	173,188
Fundraising	212,032	229,477
Total Supporting Services	<u>456,924</u>	<u>402,665</u>
	<u>4,281,527</u>	<u>4,789,352</u>
Increase (Decrease) in Unrestricted Net Assets from Operations (carried forward)	<u>(24,391)</u>	<u>250,807</u>

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Increase (Decrease) in Unrestricted Net Assets from Operations (brought forward)	<u>\$ (24,391)</u>	<u>\$ 250,807</u>
Changes in Temporarily Restricted Net Assets		
Contributions		
Foundations	194,325	67,035
Individuals	1,500	500
Interest	1,348	3,369
Net assets released from restrictions	<u>(150,500)</u>	<u>(146,585)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>46,673</u>	<u>(75,681)</u>
Increase in net assets	22,282	175,126
Net assets, beginning of year	<u>1,141,527</u>	<u>966,401</u>
Net Assets, End of Year	<u><u>\$1,163,809</u></u>	<u><u>\$1,141,527</u></u>

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 22,282	\$ 175,126
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	14,542	13,378
Bad debt expense	3,000	13,139
Forfeited scholarships	(63,443)	(123,873)
Net realized and unrealized gain on investments	-	(1,250)
(Increase) decrease in:		
Unconditional promises to give	289,774	(63,279)
Accounts receivable	108,709	124,290
Prepaid expenses	(2,018)	1,633
Security deposit	-	(99)
Increase (decrease) in:		
Accounts payable and accrued expenses	(55,096)	29,896
Scholarships payable	69,297	183,199
Deferred income	9,975	2,000
Net Cash Provided By Operating Activities	<u>397,022</u>	<u>354,160</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(14,691)	(5,696)
Purchase of investments	(305,000)	(106,665)
Proceeds from sale of investments	201,000	100,000
Net Cash Used By Investing Activities	<u>(118,691)</u>	<u>(12,361)</u>
Net increase in cash and cash equivalents	278,331	341,799
Cash and cash equivalents, beginning of year	<u>1,255,411</u>	<u>913,612</u>
Cash and Cash Equivalents, End of Year	<u><u>\$1,533,742</u></u>	<u><u>\$1,255,411</u></u>

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Careers through Culinary Arts Program's ("C-CAP") mission is to promote and provide career opportunities in the foodservice industry for underserved youth through culinary arts education and employment. C-CAP accomplishes this goal by providing teacher training, scholarships, cooking competitions, job training and internships, college and career advising and product and equipment donations. For the years ended June 30, 2009 and 2008, the program reached 185 public schools in New York, Washington, D.C., Philadelphia, Chicago, Hampton Roads, Virginia, Los Angeles, and the state of Arizona.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers its investment in a money market fund to be a cash equivalent.

c - Furniture and Equipment

Furniture and equipment are recorded at cost and depreciated on the straight-line basis over their estimated useful lives.

d - Financial Statement Presentation

The Organization reports 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.

e - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. Such allowance is based on prior years' experience and management's analysis of specific pledges made.

f - Estimates

The preparation of financial statements in conformity with generally accepted 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.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - Subsequent Events**

The Organization has evaluated subsequent events through February 2, 2010, the date that the financial statements are considered available to be issued.

h - Tax Status

Careers through Culinary Arts Program, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

Note 2 - Restrictions on Assets

a - At June 30, 2009 and 2008, the Board has designated that \$400,000 of the Organization's unrestricted net assets be held for future operations.

b - Temporarily restricted net assets are restricted for future programs and periods.

c - Permanently restricted net asset consists primarily of an endowment received from Joel E. Smilow Charitable Trust. The endowment's earnings are to be used for a specific scholarship.

Note 3 - Concentration of Credit Risk

The Organization maintains its cash and cash equivalents balances in various financial institutions. At June 30, 2009, substantially all of the Organization's cash and cash equivalents were invested in a money market fund.

Note 4 - Unconditional Promises to Give

Unconditional promises to give at June 30, 2009 and 2008 are due within one year. Uncollectible promises are expected to be insignificant.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****Note 5 - Investments**

The Organization was required to adopt Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"), effective July 1, 2008.

SFAS 157 clarifies that fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Under SFAS 157, fair value measurements are not adjusted for transaction costs. SFAS 157 provides for use of a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed by the Organization based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

Investments in money market funds and certificates of deposits are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values

The values assigned to these investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such differences could be material. The ultimate realization of such amounts depends on future events and circumstances and therefore, valuation estimates may differ from the value realized upon disposition of individual positions.

At June 30, 2009, investments consist of money market funds and certificates of deposits. At June 30, 2008, investments consist of money market funds. Their fair value approximates cost and all investments are Level 1 within the fair value hierarchy.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 6 - Endowment Funds

The Organization's endowment consists of a donor-restricted fund established to provide an annual alumni scholarship. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund.

The Organization's endowment funds composition by type of fund and net asset classification are summarized as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$4,950</u>	<u>\$101,000</u>	<u>\$105,950</u>

Changes in the Organization's endowment funds for the year ended June 30, 2009 are summarized as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$3,602	\$101,000	\$104,602
Interest income	<u>1,348</u>	<u>-</u>	<u>1,348</u>
Endowment Funds, End of Year	<u>\$4,950</u>	<u>\$101,000</u>	<u>\$105,950</u>

Investment of the endowment is governed by the Organization's investment policy for all invested funds. The objectives of the policy are the preservation of principal and sufficient earnings to support an annual alumni scholarship.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 7 - In-Kind Contributions

In-kind contributions at June 30 consist of the following:

	<u>2009</u>	<u>2008</u>
Scholarships	\$2,393,069	\$2,623,850
Culinary supplies and equipment	135,733	246,128
Direct benefit expense	<u>152,451</u>	<u>130,158</u>
	<u>\$ 2,681,253</u>	<u>\$3,000,136</u>

The revenues and an equal amount of expenses associated with in-kind contributions are included in the applicable revenue captions and as culinary arts education and direct benefit expenses in the accompanying statement of activities. For the years ended June 30, 2009 and 2008, 40% and 47% of the scholarships were received from three and two institutions, respectively.

Note 8 - Commitment

The Organization occupies office space in New York, NY, pursuant to a lease which expires April 30, 2010. The lease requires minimum annual rental payments of \$58,753.

The minimum annual rental payments are subject to adjustments based on increases in the Consumer Price Index as defined in the lease. In addition, the lease requires payments of additional rent based upon a real estate tax escalation clause and electric inclusions. Rent expense pertaining to this lease for the years ended June 30, 2009 and 2008 was \$84,306 and \$74,179, respectively.

Note 9 - Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

ADDITIONAL INFORMATION



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**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

To the Board of Directors of
Careers through Culinary Arts Program, Inc.

Our report on our audits of the basic financial statements of Careers through Culinary Arts Program, Inc. for 2009 and 2008 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 2009 with comparative totals for 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lutz + Carr, LLP

New York, New York
February 2, 2010

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	Program Services						Supporting Services			2009	2008	
	Culinary Arts Education	After School	Job Development	College Advising	Certification	Teacher Training	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Scholarships (including donated scholarships of \$2,393,069)	\$2,717,279	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,717,279	\$ -	\$ -	\$ -	\$2,717,279	\$2,973,010
Donated merchandise	135,733	-	-	-	-	-	135,733	-	-	-	135,733	246,128
Salaries, payroll taxes and benefits	122,257	-	101,640	97,517	-	42,891	364,305	80,160	111,556	191,716	556,021	609,753
Satellite staff and program fees	262,806	19,221	23,355	2,620	-	32,913	340,915	12,945	570	13,515	354,430	360,112
Culinary supplies and program materials	47,630	3,090	16,021	9,588	-	20,654	96,983	217	4,487	4,704	101,687	91,646
Fundraising and indirect benefit expense	-	-	-	-	-	-	-	-	48,099	48,099	48,099	80,053
Other professional fees	11,794	-	-	-	-	-	11,794	69,039	11,750	80,789	92,583	89,136
Office rent and utilities	19,460	-	17,424	16,926	-	7,394	61,204	13,782	18,841	32,623	93,827	92,813
Office expense	5,556	-	97	109	-	237	5,999	12,364	1,659	14,023	20,022	17,681
Public relations	31,480	-	-	-	-	-	31,480	-	2,059	2,059	33,539	51,110
Telephone	1,256	-	-	-	-	-	1,256	11,397	-	11,397	12,653	17,260
Postage and messenger	3,837	15	234	375	-	3	4,464	6,135	443	6,578	11,042	14,287
Travel, meals and entertainment	23,922	196	2,831	3,387	-	2,722	33,058	744	11,739	12,483	45,541	52,653
Dues and publications	1,287	-	131	515	-	-	1,933	360	414	774	2,707	3,013
Insurance	1,320	-	-	-	-	-	1,320	3,446	-	3,446	4,766	4,600
Printing	751	-	-	69	-	1,375	2,195	3,345	278	3,623	5,818	6,190
Computer expense	375	-	-	-	-	-	375	9,402	-	9,402	9,777	25,044
Conferences	5,191	-	-	-	-	-	5,191	-	-	-	5,191	10,557
Miscellaneous	3,302	-	-	-	-	-	3,302	12,831	137	12,968	16,270	30,928
Total expenses before depreciation	3,395,236	22,522	161,733	131,106	-	108,189	3,818,786	236,167	212,032	448,199	4,266,985	4,775,974
Depreciation	5,817	-	-	-	-	-	5,817	8,725	-	8,725	14,542	13,378
Total Expenses, 2009	<u>\$3,401,053</u>	<u>\$ 22,522</u>	<u>\$ 161,733</u>	<u>\$131,106</u>	<u>\$ -</u>	<u>\$108,189</u>	<u>\$3,824,603</u>	<u>\$ 244,892</u>	<u>\$ 212,032</u>	<u>\$456,924</u>	<u>\$4,281,527</u>	
Total Expenses, 2008	<u>\$3,905,627</u>	<u>\$ 94,971</u>	<u>\$ 141,599</u>	<u>\$114,269</u>	<u>\$ 46,584</u>	<u>\$ 83,637</u>	<u>\$4,386,687</u>	<u>\$ 173,188</u>	<u>\$ 229,477</u>	<u>\$402,665</u>		<u>\$4,789,352</u>

See independent auditors' report on additional information.