

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2016 AND 2015**

**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 financial statements of Careers through Culinary Arts Program, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years 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 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Careers through Culinary Arts Program, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Lotz + Carr, LLP*

New York, New York  
April 3, 2017

## CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 3)		
Operating	\$ 378,978	\$1,687,454
Restricted for scholarships payable	1,037,989	835,944
Temporarily restricted	80,313	85,038
Unconditional promises to give (Notes 1e and 4)		
Unrestricted	67,876	64,005
Restricted to programs and future periods	10,000	25,000
Investments (Note 5)	993,000	12,773
Accounts receivable	78,833	192,283
Prepaid expenses	99,280	39,709
Property, furniture and equipment, at cost, net of accumulated depreciation of \$61,612 and \$42,399 (Note 1c)	98,622	113,888
Security deposits	42,091	42,091
	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b><u>\$2,886,982</u></b>	<b><u>\$3,098,185</u></b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 60,800	\$ 58,534
Scholarships payable (Note 1g)	1,037,989	835,944
Deferred income	-	14,750
Deferred rent (Note 1f)	53,885	44,747
Total Liabilities	<u>1,152,674</u>	<u>953,975</u>
Commitment (Note 7)		
Net Assets		
Unrestricted		
Board designated (Note 2a)	400,000	400,000
Other	1,243,995	1,634,172
Total Unrestricted	<u>1,643,995</u>	<u>2,034,172</u>
Temporarily restricted (Note 2b)	90,313	110,038
Total Net Assets	<u>1,734,308</u>	<u>2,144,210</u>
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$2,886,982</u></b>	<b><u>\$3,098,185</u></b>

See notes to financial statements.

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Changes in Unrestricted Net Assets</b>		
Revenue and Other Support		
Donated scholarships (Note 6)	\$3,673,871	\$3,214,326
Donated merchandise (Note 6)	239,276	366,303
Donated services/supplies (Note 6)	308,313	269,244
Contributions		
Foundations	479,855	477,630
Corporate/corporate foundations	131,169	150,949
Individuals	260,019	314,449
Contract income	577,989	600,988
Fundraising benefits (Note 6)	1,584,704	1,275,453
Less: Direct fundraising costs (Note 6)	(469,616)	(375,058)
Local fundraising events	262,327	204,235
Less: Direct local fundraising costs	(52,961)	(35,645)
Forfeited scholarships (Note 1g)	61,294	72,481
Miscellaneous	7,237	2,015
	<u>7,063,477</u>	<u>6,537,370</u>
Net assets released from restrictions		
Satisfaction of program restrictions and future periods	<u>35,000</u>	<u>63,950</u>
Total Revenue and Other Support	<u>7,098,477</u>	<u>6,601,320</u>
Expenses		
Program Services		
Culinary arts education	5,724,007	5,453,900
After school	210,962	92,608
Job development	433,549	234,463
College advising	231,179	201,217
Teacher training	168,550	5,469
Total Program Services	<u>6,768,247</u>	<u>5,987,657</u>
Supporting Services		
Management and general	175,873	223,775
Fundraising	544,534	417,491
Total Supporting Services	<u>720,407</u>	<u>641,266</u>
Total Expenses	<u>7,488,654</u>	<u>6,628,923</u>
Decrease in Unrestricted Net Assets (carried forward)	<u>(390,177)</u>	<u>(27,603)</u>

See notes to financial statements.

## CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Decrease in Unrestricted Net Assets (brought forward)	<u>\$ (390,177)</u>	<u>\$ (27,603)</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions		
Corporate/corporate foundations	15,275	25,000
Interest	-	13
Net assets released from restrictions	<u>(35,000)</u>	<u>(63,950)</u>
Decrease in Temporarily Restricted Net Assets	<u>(19,725)</u>	<u>(38,937)</u>
Decrease in net assets	(409,902)	(66,540)
Net assets, beginning of year	<u>2,144,210</u>	<u>2,210,750</u>
<b>Net Assets, End of Year</b>	<u><u>\$1,734,308</u></u>	<u><u>\$2,144,210</u></u>

See notes to financial statements.

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (409,902)	\$ (66,540)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	19,213	17,350
Forfeited scholarships	(61,294)	(72,481)
(Increase) decrease in:		
Unconditional promises to give	11,129	(16,030)
Accounts receivable	113,450	(118,019)
Prepaid expenses	(59,571)	5,420
Security deposits	-	10,087
Increase (decrease) in:		
Accounts payable and accrued expenses	2,266	(40,482)
Scholarships payable	263,339	135,762
Deferred income	(14,750)	14,750
Deferred rent	9,138	33,229
Net Cash Used By Operating Activities	(126,982)	(96,954)
 <b>Cash Flows From Investing Activities</b>		
Acquisition of property, furniture and equipment	(3,947)	(20,351)
Purchase of investments	(993,000)	-
Proceeds from sale of investments	12,773	-
Net Cash Used By Investing Activities	(984,174)	(20,351)
 Net decrease in cash and cash equivalents	(1,111,156)	(117,305)
Cash and cash equivalents, beginning of year	2,608,436	2,725,741
 <b>Cash and Cash Equivalents, End of Year</b>	<b>\$1,497,280</b>	<b>\$2,608,436</b>

See notes to financial statements.



**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016 AND 2015****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Careers through Culinary Arts Program, Inc.'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. During the year ended June 30, 2016, the program reached 17,000 students and 186 public schools in New York, Philadelphia, Chicago, Hampton Roads, Virginia, Los Angeles, Prince George's County, Maryland and the state of Arizona.

**b - Cash and Cash Equivalents**

For purposes of the statement of cash flows, C-CAP considers investments in money market funds, other than those held for investment, to be cash equivalents.

**c - Property, Furniture and Equipment**

Property, furniture and equipment are recorded at cost and depreciated on the straight-line basis over their estimated useful lives, or, for leasehold improvements, the life of the lease.

**d - Financial Statement Presentation**

C-CAP 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 to C-CAP, 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.

**f - Deferred rent**

The aggregate of the total minimum lease payments is amortized on the straight-line basis over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of the lease is recorded as deferred rent in the statement of financial position.

**g - Scholarships**

Scholarships are recorded in the year they are awarded. Each year, previously awarded scholarships are reviewed to determine, based on the recipient's utilization of the scholarship, which scholarships should be considered forfeited. Scholarships forfeited may be from multiple years.

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016 AND 2015****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****h - Estimates**

The preparation of financial statements in conformity with 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.

**i - Prior Year Information**

For comparability, certain 2015 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2016.

**j - Subsequent Events**

C-CAP has evaluated subsequent events through April 3, 2017, the date that the financial statements are considered available to be issued.

**k - Tax Status**

C-CAP 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, 2016 and 2015, the Board had designated that \$400,000 of C-CAP's unrestricted net assets be held for future operations.

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

**Note 3 - Concentration of Credit Risk**

C-CAP maintains its cash and cash equivalent balances in various financial institutions. At June 30, 2016, substantially all of C-CAP's cash and cash equivalents were invested in a money market fund.

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**Note 4 - Unconditional Promises to Give**

Unconditional promises to give are due within one year. Uncollectible promises are expected to be insignificant.

**Note 5 - Investments**

At June 30, 2016, investments consist of certificate of deposits with original maturities of one year or less. At June 30, 2015, investments consist of a money market fund. The investments are Level 1 in the fair value hierarchy. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Their fair value approximates cost.

C-CAP reflects investments in marketable securities at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same fiscal year in which the gains and other investment income are recognized.

**Note 6 - In-Kind Contributions**

In-kind contributions consist of the following:

	<u>2016</u>	<u>2015</u>
Scholarships	\$3,673,871	\$3,214,326
Merchandise	239,276	366,303
Services/supplies	308,313	269,244
Direct fundraising costs	<u>378,121</u>	<u>309,820</u>
	<u>\$4,599,581</u>	<u>\$4,159,693</u>

The revenues and an equal amount of expenses associated with in-kind contributions are included in the applicable revenue and expense captions in the accompanying statement of activities. For the years ended June 30, 2016 and 2015, 52% and 50%, respectively, of the scholarships were received from three institutions.

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**Note 7 - Commitment**

C-CAP occupies office space in New York pursuant to a lease through August 31, 2024 and also occupies office space for its satellite office. The leases provide for minimum annual rentals as follows:

<u>Year Ending June 30,</u>	
2017	\$139,503
2018	142,810
2019	139,001
2020	142,476
2021	146,038
Thereafter, through August 31, 2024	487,196

The lease also provides for additional rent based on increases in real estate taxes. Rent expense for the years ended June 30, 2016 and 2015 was \$147,255 and \$138,213, respectively.

**Note 8 - Functional Allocation of Expenses**

The cost of providing the various program 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.

**SUPPLEMENTARY INFORMATION**



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**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of Careers through Culinary Arts Program, Inc. as of and for the years ended June 30, 2016 and 2015, and our report thereon dated April 3, 2017, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2016 with comparative totals for 2015 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lutz + Carr, LLP*

New York, New York  
April 3, 2017

## CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	Program Services					Supporting Services			2016	2015	
	Culinary Arts Education	After School	Job Development	College Advising	Teacher Training	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Scholarships (including donated scholarships of \$3,673,871)	\$ 4,260,889	\$ -	\$ -	\$ -	\$ -	\$4,260,889	\$ -	\$ -	\$ -	\$4,260,889	\$3,636,075
Donated merchandise	217,276	-	-	-	-	217,276	-	22,332	22,332	239,608	366,303
Salaries, payroll taxes and benefits	261,553	82,004	246,012	164,008	82,004	835,581	70,879	240,024	310,903	1,146,484	946,828
Satellite staff and program fees	428,086	84,073	44,157	2,445	9,060	567,821	612	48,661	49,273	617,094	598,107
Culinary supplies and program materials	346,437	13,404	35,346	4,538	12,117	411,842	-	47,965	47,965	459,807	342,492
Fundraising and indirect benefit expense	-	-	-	-	-	-	-	52,279	52,279	52,279	38,834
Other professional fees	14,130	4,710	14,130	9,420	4,710	47,100	49,372	4,463	53,835	100,935	156,965
Office rent and utilities	33,982	11,327	33,982	22,655	11,327	113,273	9,240	33,674	42,914	156,187	146,735
Office expense	12,442	954	3,001	1,909	954	19,260	7,352	3,136	10,488	29,748	37,231
Public relations	26,115	8,699	26,097	17,398	8,699	87,008	9,001	23,954	32,955	119,963	135,216
Telephone	6,104	794	2,407	1,588	794	11,687	2,999	10	3,009	14,696	14,205
Postage and messenger	5,466	50	349	13	164	6,042	2,724	2,805	5,529	11,571	12,018
Travel, meals and entertainment	85,888	1,919	8,421	1,236	35,107	132,571	9,926	24,080	34,006	166,577	103,454
Insurance	3,075	1,025	3,075	2,050	1,025	10,250	834	3,047	3,881	14,131	12,852
Printing	6,074	43	1,444	-	586	8,147	2,424	14,265	16,689	24,836	18,652
Computer expense	1,139	380	1,140	759	380	3,798	309	1,129	1,438	5,236	5,721
Miscellaneous	11,171	187	9,808	373	230	21,769	9,063	18,568	27,631	49,400	39,885
Total expenses before depreciation	5,719,827	209,569	429,369	228,392	167,157	6,754,314	174,735	540,392	715,127	7,469,441	6,611,573
Depreciation	4,180	1,393	4,180	2,787	1,393	13,933	1,138	4,142	5,280	19,213	17,350
Total Expenses, 2016	<u>\$ 5,724,007</u>	<u>\$ 210,962</u>	<u>\$ 433,549</u>	<u>\$231,179</u>	<u>\$168,550</u>	<u>\$6,768,247</u>	<u>\$ 175,873</u>	<u>\$ 544,534</u>	<u>\$720,407</u>	<u>\$7,488,654</u>	
Total Expenses, 2015	<u>\$ 5,453,900</u>	<u>\$ 92,608</u>	<u>\$ 234,463</u>	<u>\$201,217</u>	<u>\$ 5,469</u>	<u>\$5,987,657</u>	<u>\$ 223,775</u>	<u>\$ 417,491</u>	<u>\$641,266</u>		<u>\$6,628,923</u>

See independent auditors' report on supplementary information.