

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2015 AND 2014

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-10
Supplementary Information	
Independent Auditors' Report on Supplementary Information	12
Schedule of Functional Expenses	13



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, 2015 and 2014, 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, 2015 and 2014, 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
February 5, 2016

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)		
Unrestricted	\$1,287,454	\$1,434,103
Restricted for scholarships payable	835,944	772,663
Board designated	400,000	400,000
Temporarily restricted	85,038	118,975
Unconditional promises to give (Notes 1e and 4)		
Unrestricted	64,005	42,975
Restricted to programs and future periods	25,000	30,000
Investments (Note 5)	12,773	12,773
Accounts receivable	196,081	78,062
Prepaid expenses	35,911	41,331
Property, furniture and equipment, at cost, net of accumulated depreciation of \$42,399 and \$25,049 (Note 1c)	113,888	110,887
Security deposits	42,091	52,178
	<u> </u>	<u> </u>
Total Assets	<u>\$3,098,185</u>	<u>\$3,093,947</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 58,534	\$ 99,016
Scholarships payable (Note 1g)	835,944	772,663
Deferred income	14,750	-
Deferred rent (Note 1f)	44,747	11,518
Total Liabilities	<u>953,975</u>	<u>883,197</u>
Commitment (Note 7)		
Net Assets		
Unrestricted		
Board designated (Note 2a)	400,000	400,000
Other	1,634,172	1,661,775
Total Unrestricted	<u>2,034,172</u>	<u>2,061,775</u>
Temporarily restricted (Note 2b)	110,038	148,975
Total Net Assets	<u>2,144,210</u>	<u>2,210,750</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$3,098,185</u>	<u>\$3,093,947</u>

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Changes in Unrestricted Net Assets		
Revenue and Other Support		
Donated scholarships (Note 6)	\$3,214,326	\$2,738,438
Donated merchandise (Note 6)	366,303	243,063
Donated services/supplies (Note 6)	269,244	135,851
Contributions		
Foundations	477,630	451,463
Corporate/corporate foundations	150,949	87,398
Individuals	314,449	128,143
Contract income	600,988	512,257
Fundraising benefits (Note 6)	1,275,453	1,335,709
Less: Direct fundraising costs (Note 6)	(375,058)	(399,448)
Local fundraising events	204,235	116,048
Less: Direct local fundraising costs	(35,645)	(34,335)
Forfeited scholarships (Note 1g)	72,481	80,301
Miscellaneous	2,015	8,537
	<u>6,537,370</u>	<u>5,403,425</u>
Net assets released from restrictions		
Satisfaction of program restrictions and future periods	<u>63,950</u>	<u>55,000</u>
Total Revenue and Other Support	<u>6,601,320</u>	<u>5,458,425</u>
Expenses		
Program Services		
Culinary arts education	5,453,900	4,574,220
After school	92,608	60,889
Job development	234,463	97,853
College advising	201,217	54,786
Teacher training	5,469	76,258
Total Program Services	<u>5,987,657</u>	<u>4,864,006</u>
Supporting Services		
Management and general	223,775	349,583
Fundraising	417,491	202,751
Total Supporting Services	<u>641,266</u>	<u>552,334</u>
Total Expenses	<u>6,628,923</u>	<u>5,416,340</u>
Increase (Decrease) in Unrestricted Net Assets (carried forward)	<u>(27,603)</u>	<u>42,085</u>

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Increase (Decrease) in Unrestricted Net Assets (brought forward)	\$ (27,603)	\$ 42,085
Changes in Temporarily Restricted Net Assets		
Contributions		
Corporate/corporate foundations	25,000	80,750
Interest	13	32
Net assets released from restrictions	<u>(63,950)</u>	<u>(55,000)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(38,937)</u>	<u>25,782</u>
Increase (decrease) in net assets	(66,540)	67,867
Net assets, beginning of year	<u>2,210,750</u>	<u>2,142,883</u>
 Net Assets, End of Year	 <u><u>\$2,144,210</u></u>	 <u><u>\$2,210,750</u></u>

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (66,540)	\$ 67,867
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized gain on investments	-	(5,344)
Depreciation	17,350	2,600
Forfeited scholarships	(72,481)	(80,301)
(Increase) decrease in:		
Unconditional promises to give	(16,030)	(20,938)
Accounts receivable	(118,019)	69,487
Prepaid expenses	5,420	(7,068)
Security deposits	10,087	(41,987)
Increase (decrease) in:		
Accounts payable and accrued expenses	(40,482)	50,745
Scholarships payable	135,762	181,466
Deferred income	14,750	(1,500)
Deferred rent	33,229	11,518
Net Cash Provided (Used) By Operating Activities	(96,954)	226,545
Cash Flows From Investing Activities		
Acquisition of property, furniture and equipment	(20,351)	(111,641)
Proceeds from sale of investments	-	28,534
Net Cash Used By Investing Activities	(20,351)	(83,107)
Net increase (decrease) in cash and cash equivalents	(117,305)	143,438
Cash and cash equivalents, beginning of year	2,725,741	2,582,303
 Cash and Cash Equivalents, End of Year	 \$2,608,436	 \$2,725,741

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015 AND 2014****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, 2015, the program reached 16,810 students and 178 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. During the year ended June 30, 2014, fully depreciated assets with an original cost of \$64,754 were written off.

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, 2015 AND 2014****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 - Subsequent Events

C-CAP has evaluated subsequent events through February 5, 2016, the date that the financial statements are considered available to be issued.

j - 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. Management has evaluated all income tax positions, including the position that C-CAP is exempt from income taxes or not subject to income taxes on unrelated business income, and concluded that no disclosures relating to uncertain tax positions are required in the financial statements. C-CAP's tax returns are generally subject to examination by taxing authorities for a period of three years from the date of filing.

Note 2 - Restrictions on Assets

a - At June 30, 2015 and 2014, 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 equivalents balances in various financial institutions. At June 30, 2015, 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, 2015 AND 2014

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, 2015 and 2014, 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>2015</u>	<u>2014</u>
Scholarships	\$3,214,326	\$2,738,438
Merchandise	366,303	243,063
Services/supplies	269,244	135,851
Direct fundraising costs	<u>309,820</u>	<u>340,891</u>
	<u>\$4,159,693</u>	<u>\$3,458,243</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, 2015 and 2014, 50% and 55%, respectively, of the scholarships were received from three institutions.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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>	
2016	\$136,276
2017	139,503
2018	142,810
2019	139,001
2020	142,476
Thereafter, through August 31, 2024	633,234

The lease also provides for additional rent based on increases in real estate taxes. Rent expense for the years ended June 30, 2015 and 2014 was \$138,213 and \$72,350, respectively.

Substantially all of C-CAP's expenditures for property, furniture and equipment during the year ended June 30, 2014 were in connection with preparing and furnishing its new office space.

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, 2015 and 2014, and our report thereon dated February 5, 2016, 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, 2015 with comparative totals for 2014 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
February 5, 2016

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	Program Services					Supporting Services			2015	2014	
	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 \$3,214,326)	\$ 3,636,075	\$ -	\$ -	\$ -	\$ -	\$3,636,075	\$ -	\$ -	\$ -	\$3,636,075	\$3,172,224
Donated merchandise	366,303	-	-	-	-	366,303	-	-	-	366,303	243,063
Salaries, payroll taxes and benefits	391,660	-	149,132	149,132	-	689,924	81,874	175,030	256,904	946,828	771,941
Satellite staff and program fees	448,592	77,286	22,318	2,218	4,520	554,934	309	42,864	43,173	598,107	515,222
Culinary supplies and program materials	314,060	14,814	7,418	1,412	945	338,649	51	3,792	3,843	342,492	94,402
Fundraising and indirect benefit expense	-	-	-	-	-	-	-	38,834	38,834	38,834	29,693
Other professional fees	30,553	-	13,177	13,177	-	56,907	84,768	15,290	100,058	156,965	186,414
Office rent and utilities	60,146	-	23,610	23,610	-	107,366	10,521	28,848	39,369	146,735	82,008
Office expense	13,405	-	5,262	5,262	-	23,929	2,345	10,957	13,302	37,231	25,966
Public relations	71,420	-	-	-	-	71,420	-	54,964	54,964	126,384	88,960
Telephone	7,584	-	1,805	1,805	-	11,194	805	2,206	3,011	14,205	18,876
Postage and messenger	5,138	20	392	-	-	5,550	3,643	2,825	6,468	12,018	13,428
Travel, meals and entertainment	78,272	488	1,395	24	4	80,183	11,448	11,823	23,271	103,454	92,320
Dues and publications	399	-	-	-	-	399	1,850	1,962	3,812	4,211	6,290
Insurance	6,725	-	1,104	1,104	-	8,933	2,570	1,349	3,919	12,852	12,501
Printing	2,576	-	106	-	-	2,682	1,254	14,716	15,970	18,652	10,066
Computer expense	6,089	-	300	300	-	6,689	6,128	1,736	7,864	14,553	15,562
Miscellaneous	7,792	-	5,652	381	-	13,825	14,965	6,884	21,849	35,674	34,804
Total expenses before depreciation	5,446,789	92,608	231,671	198,425	5,469	5,974,962	222,531	414,080	636,611	6,611,573	5,413,740
Depreciation	7,111	-	2,792	2,792	-	12,695	1,244	3,411	4,655	17,350	2,600
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>	
Total Expenses, 2014	<u>\$ 4,574,220</u>	<u>\$60,889</u>	<u>\$ 97,853</u>	<u>\$ 54,786</u>	<u>\$76,258</u>	<u>\$4,864,006</u>	<u>\$ 349,583</u>	<u>\$ 202,751</u>	<u>\$552,334</u>		<u>\$5,416,340</u>

See independent auditors' report on supplementary information.