FOODCORPS, INC.

FINANCIAL STATEMENTS

THIRTEEN MONTHS ENDED JULY 31, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
FoodCorps, Inc.
New York, New York

We have audited the accompanying financial statements of FoodCorps, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2013, and the related statements of activities and cash flows for the thirteen months 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.

Auditor's 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 FoodCorps, Inc. as of July 31, 2013, and the changes in its net assets and its cash flows for the thirteen months then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Rosenberg & Manente PLLC

Rosenberg and Manente
Certified Public Accountants, PLLC
Great Neck, NY

January 10, 2014

FOODCORPS, INC.

STATEMENT OF FINANCIAL POSITION
AT JULY 31, 2013

ASSETS

CURRENT ASSETS		
Cash	$	1,436,098
Unconditional Promises to Give		
Unrestricted		166,200
Restricted to Future Programs and Periods		1,862,962
Other Receivables		31,970
Prepaid Expenses		216,224
Property and Equipment, at Cost (Net of Accumulated Depreciation)		25,300
Security Deposit		10,014
Other Assets		5,491
TOTAL ASSETS	$	3,754,259

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	$	8,112
Accrued Expenses		49,568
Credit Cards Payable		7,017
Unearned Revenue		104,355
Accrued PTO		30,106
Accrued Salaries and Related Expenses		116,066
TOTAL LIABILITIES		315,224
NET ASSETS		
Unrestricted		717,350
Temporarily Restricted		2,721,685
TOTAL NET ASSETS		3,439,035
TOTAL LIABILITIES AND NET ASSETS	$	3,754,259

FOODCORPS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE THIRTEEN MONTHS ENDED JULY 31, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES AND SUPPORT			
Grants	$ 1,068,233	$ 1,313,400	$ 2,381,633
Contributions	383,043	-	383,043
Program Service Revenue	422,633	-	422,633
Donated Professional Services	7,211	-	7,211
Investment Income	270	-	270
Miscellaneous	5,000	-	5,000
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	1,886,390	1,313,400	3,199,790
Net Assets Released from Restrictions:			
Satisfaction of Time and Program Restrictions	2,387,228	(2,387,228)	-
Total Revenue, Gains and Other Support	4,273,618	(1,073,828)	3,199,790
EXPENSES			
Program Services	3,190,920	-	3,190,920
Supporting Services:			
Management and General	380,262	-	380,262
Fundraising	437,532	-	437,532
Total Supporting Services	817,794	-	817,794
Total Expenses	4,008,714	-	4,008,714
INCREASE/(DECREASE) IN NET ASSETS	264,904	(1,073,828)	(808,924)
NET ASSETS, BEGINNING OF PERIOD	452,446	3,795,513	4,247,959
NET ASSETS, ENDING OF PERIOD	$ 717,350	$ 2,721,685	$ 3,439,035

FOODCORPS, INC.

STATEMENT OF CASH FLOWS
FOR THE THIRTEEN MONTHS ENDED JULY 31, 2013

CASH FLOW FROM OPERATING ACTIVITIES		
Changes in Total Net Assets	$	(808,924)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation		12,650
Decrease (Increase) in:		
Unconditional Promises to Give		1,632,782
Other Receivables		(31,970)
Prepaid Expenses		(177,219)
Other Assets		(9,585)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses		40,703
Unearned Revenue		104,355
Accrued PTO		30,106
Accrued Salaries and Related Expenses		29,508
NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES		822,406
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment		(37,950)
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES		(37,950)
NET INCREASE/(DECREASE) IN CASH		784,456
CASH - BEGINNING OF YEAR		651,642
CASH - END OF YEAR	$	1,436,098
SUPPLEMENTAL DISCLOSURE:		
Cash Paid During the Year For:		
Interest	$	-
Taxes	$	-

FOODCORPS, INC.

NOTES TO FINANCIAL STATEMENTS
THIRTEEN MONTHS ENDED JULY 31, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. **Business Operations**

FoodCorps, Inc. (FoodCorps or the "Organization") is a New York nonprofit corporation chartered on November 15, 2010. Through its national staff, partner organizations and the network of emerging leaders in its AmeriCorps public service program, FoodCorps seeks to give vulnerable children an enduring relationship with healthy food. FoodCorps is a nonprofit public charity recognized under section 501(c)3 of the IRS code.

FoodCorps fielded its second class during the fiscal period under audit, supporting 80 service members and 12 second-year fellows throughout their yearlong term of service. Working across a dozen states to implement FoodCorps program's three pillars, these emerging leaders helped transform school food environments into healthier places for children to learn and grow:

1) Knowledge: FoodCorps service members taught 67,584 students about what healthy food is and where it comes from.
2) Engagement: FoodCorps service members built or revitalized 411 school and community gardens where children had a chance to grow and taste fresh food.
3) Access: FoodCorps service members introduced 308 new ingredients into school lunch menus, giving children regular access to the healthy foods they've studied and grown.

Looking ahead, the Organization is expanding its operations from 12 states to 15, growing its service force by 60%, and engaging in strategic planning that will further hone the Organization's program design to maximize impact and lay the groundwork for future scale.

The Organization receives the majority of its funding from foundation and government grants, individual donations, corporate sponsorships, and cost-share payments from its nonprofit partner organizations.

FoodCorps Service Members are AmeriCorps member who serves with and through the organization. Each one commits a year of paid public service building healthy school food environments in limited-resource communities.

FoodCorps Fellows are the Organization's statewide team leaders, who focus their service on guiding and supporting their state's cohort of service members, assisting the Organization in program implementation within their state and region, and helping to build statewide capacity for the Organization's programming under the direction of their Host Site.

Host Sites are the state-level partners of the Organization that oversee program implementation in their region. Service Sites are the community-level partners that directly supervise a service member or service team. Host and Service Site partners can be nonprofit organizations, public schools or districts, government agencies or academic institutions.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

C. Revenue Recognition

Revenues and expenses are recorded on the accrual basis. Revenues received for future periods are deferred to the applicable year.

D. Property, Plant and Equipment

Fixed assets are stated at cost. Depreciation is provided on the straight-line method or accelerated method over the estimated useful lives of the assets.

Preliminary project stage or evaluation phase expenses and post implementation expenses relating to the customization of the Organization's database (or other future software investments) are expensed in the period in which they are incurred. Expenses relating to work to develop and further customize the Organization's database and/or future software-related projects after technological feasibility is determined are capitalized.

E. Website and Database

Expenditures in relation to the development, modification and maintenance of the Organization's website and database are recorded as expenses in the period in which incurred.

F. Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

G. Financial Statement Presentation

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the four classes of net assets-permanently restricted, temporarily restricted, board designated and unrestricted-be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

(1) Permanently Restricted:

Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(2) **Temporarily Restricted:**
Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.

(3) **Unrestricted:**
Unrestricted net assets represent the portion of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

H. Contributions

Under Accounting Standards Board (FASB) ASC 958 (formerly Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made), contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

I. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is subject to routine audits by various federal, state and local taxing authorities; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2010.

The Organization accounts for uncertain tax position in accordance with Financial Accounting Standards Board (FASB) ASC 740. FASB ASC 740 prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The interpretation also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization adopted the provisions of FASB ASC 740 upon its inception. There was no impact on the total net assets as a result of the adoption of FASB ASC 740.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

L. Employee Benefit Plan

Eligible employees are invited to participate in the Organization's 401(k) plan. The Organization provides a 50% match to employee contributions up to $3,000 per year. Matches are assessed on a calendar year basis. Fellowships are not eligible for the 401(k) benefit.

NOTE 2- LEASE COMMITMENTS AND RENTAL EXPENSE

In July 2011, the Organization entered into a 36 month operating lease for its New York office facilities, which expires on August 31, 2014. Current period rent payments totaled $28,593 and were charged to occupancy.

The future estimated minimum lease payments for each of the two succeeding fiscal years are as follows:

2014	$ 23,029
2015 Thereafter	2,094
	$ 25,061

In July 1, 2012, the Organization entered into a one year operating lease for its Portland, Oregon office facilities, option to renew annually may be exercised twice. Current period rent payments totaled $12,100 and were charged to occupancy. The Organization exercised the option to renew the lease thru June 30, 2014.

NOTE 3- FIXED ASSETS

Fixed assets at July 31, 2013 by major classification are summarized as follows:

Furniture and Office Equipment	$ 37,950
Less: Accumulated Depreciation	(12,650)
Fixed Assets, Net	$ 25,300

NOTE 4- EMPLOYEE BENEFIT PLANS

At July 2013, the organization contributed $35,861 to 401(K) plan to meet the 50% employer match.

NOTE 5- UNEARNED REVENUE

At July 31, 2013, the Organization had unearned revenue of $104,355 from various contributors.

NOTE 6- CONCENTRATION OF CREDIT RISK

The Organization, at times, maintains deposits with financial institutions in excess of amounts insured by the FDIC.

NOTES TO FINANCIAL STATEMENTS
THIRTEEN MONTHS ENDED JULY 31, 2013

NOTE 7- COMMITMENTS AND CONTINGENCIES

Certain grants and contracts may be subject to audit by funding sources. Such audits may result in disallowance of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE 8- NET ASSETS

Unrestricted
At July 31, 2013, the Organization had $717,350 in unrestricted net assets. Unrestricted grants include amounts received from various state and federal agencies which are for use in the furthering of the organizations mission. Unearned amounts from such grants have not been accrued in the accompanying financial statements.

Permanently Restricted
At July 31, 2013, the Organization had no permanently restricted net assets.

Temporarily Restricted
At July 31, 2013, the restricted net assets are available for the following purposes:

	2013
Grants Receivable - Time Restrictions	$ 2,721,685

NOTE 9- OTHER ASSETS

Other Assets included in the accompanying balance sheet consist of an escrow deposit and Heath Savings Account claims totaling $5,491.

NOTE 10- TRAINING AND STAFF DEVELOPMENT

The Organization provides training for its fellows and service members in order for them to effectively carryout its mission on the ground. As part of this training the Organization's hosts an annual training conference. The applicable travel, meals and lodging expenses for this training conference are accordingly included in program expenses in the accompanying financial statements.

NOTE 11- DONATED SERVICES

The Organization has been provided donated legal services. The Organization determined the value of the legal services based on estimated provided by the donors. Accordingly, an estimate of $7,211 has been included in legal fees in the accompanying financial statements for the thirteen months ended July 31, 2013.

NOTE 12- SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditors' report.

ROSENBERG & MANENTE, PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Board of Directors
FoodCorps, Inc.
New York, New York

We have audited the financial statements of FoodCorps, Inc. as of and for the thirteen months ended July 31, 2013, and have issued our report thereon dated January 10, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of statements of functional expenses, activities – board designated and activities – temporarily restricted funds are presented for the purposes of additional analysis and are 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 audit 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.

Respectfully submitted,

Rosenberg and Manente
Certified Public Accountants, PLLC
Great Neck, NY

January 10, 2014

FOODCORPS, INC.

SUPPLEMENTARY SCHEDULES

FOODCORPS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE THIRTEEN MONTHS ENDED JULY 31, 2013

	Program Services	Management and General	Development and Fundraising	Total
Personal Service Expenses				
Salaries and Temporary Services	$ 2,061,730	$ 206,856	$ 257,325	$ 2,525,910
Employee Benefits	233,482	35,592	43,883	312,956
Payroll Taxes	167,041	15,661	19,569	202,270
Research and Evaluation				
Research and Evaluation Consultants	22,637	-	-	22,637
Database Hosting and Maintenance	18,504	2,565	12,536	33,606
Building and Occupancy				
Rent	23,368	8,811	8,514	40,693
Utilities	1,168	-	-	1,168
Technology and Communications				
Website, Press and Media	13,669	-	14,504	28,173
Photo and Video	19,682	-	21,107	40,789
Telephone and Internet	14,652	1,918	2,346	18,916
Computer Expenses	7,625	4,823	3,536	15,984
Depreciation and Amortization	6,035	3,817	2,798	12,650
Training and Staff Development				
Consulting	30,900	-	-	30,900
Uniforms	11,993	-	-	11,993
Conferences	7,397	1,212	1,616	10,225
Travel, Meals and Lodging	389,143	-	-	389,143
Printing	15,237	-	-	15,237
Other Training and Staff Development	8,809	3,169	-	11,978
Administrative and Other				
Compliance	8,187	8,543	4,640	21,370
Consulting	60,900	9,000	11,250	81,150
Insurance and Other Administrative Expenses	5,860	8,798	3,240	17,897
Payroll, Bank and Merchant Processing	406	15,906	2,018	18,331
Postage and Delivery	5,885	745	1,205	7,835
Professional Fees	11,941	29,918	3,909	45,768
Supplies and Reference Materials	19,599	4,217	1,197	25,013
Travel, Meals and Lodging	25,069	18,711	22,341	66,121
Total Expenses	**$ 3,190,920**	**$ 380,262**	**$ 437,532**	**$ 4,008,714**