

DC Central Kitchen, Inc. and Affiliate

Consolidated Financial Statements
and
Independent Auditors' Report

December 31, 2009 and 2008

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Kattell and Company, P.L.L.C.

Serving the Nonprofit Community

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INDEPENDENT AUDITORS' REPORT

Board of Directors
D.C. Central Kitchen, Inc.
Washington, DC

We have audited the accompanying consolidated statements of financial position of D.C. Central Kitchen, Inc. and Affiliate (the Organization) as of December 31, 2009 and 2008, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of D.C. Central Kitchen, Inc. and Affiliate, as of December 31, 2009 and 2008, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Kattell and Company, P.L.L.C.

April 19, 2010
Gainesville, Florida

“Not everything that counts can be counted, and not everything that can be counted counts.”
- Albert Einstein

Consolidated Statements of Financial Position
December 31, 2009 and 2008
D.C. Central Kitchen, Inc. and Affiliate

	<u>2009</u>	<u>2008</u>
Assets		
Cash	\$ 533,484	\$ 283,829
Inventory	14,542	14,542
Receivables:		
Government Contracts	424,612	198,695
Contributions	93,348	41,257
Grants	147,000	212,500
Other Accounts	160,081	74,539
Prepaid Expenses	3,472	13,509
Investments	1,512,733	1,214,172
Fixed Assets:		
Kitchen Equipment	58,790	58,790
Office and Other Equipment	91,535	85,237
Vehicles	348,727	235,400
Leasehold Improvements	168,517	168,516
Less: Accumulated Depreciation	<u>(354,581)</u>	<u>(227,264)</u>
Net Fixed Assets	<u>312,988</u>	<u>320,679</u>
Total Assets	<u>\$ 3,202,260</u>	<u>\$ 2,373,722</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 155,674	\$ 155,130
Grants to Affiliates	50,750	61,695
Accrued Payroll and Leave	185,903	162,760
Deferred Revenue	--	51,789
Line of Credit	100,000	275,000
Other Payables	2,404	9,229
Notes Payable	<u>97,176</u>	<u>--</u>
Total Liabilities	591,907	715,603
Net Assets:		
Unrestricted:		
Designated	1,200,000	1,200,000
Undesignated	899,865	203,119
Total Unrestricted	<u>2,099,865</u>	<u>1,403,119</u>
Temporarily Restricted	510,488	255,000
Total Net Assets	<u>2,610,353</u>	<u>1,658,119</u>
Total Liabilities and Net Assets	<u>\$ 3,202,260</u>	<u>\$ 2,373,722</u>

See accompanying notes.

Consolidated Statement of Activities
For the Year Ended December 31, 2009
D.C. Central Kitchen, Inc. and Affiliate

	Unrestricted	Temporarily Restricted	Total
<u>Support and Other Revenue:</u>			
Donated Goods and Services	\$ 2,010,065	\$ --	\$ 2,010,065
Contributions – General	2,154,840	420,000	2,574,840
Contributions – United Way	263,961	--	263,961
Federal Government Grants and Contracts	101,405	--	101,405
Local Government Contracts	1,887,664	--	1,887,664
Other Contracts	148,207	--	148,207
Contract Food Sales	474,407	--	474,407
Retail Food Sales	366,886	--	366,886
Special Event, Net	309,575	--	309,575
Affiliate Fees	7,698	--	7,698
Investment Income	11,481	--	11,481
Speaker Fees	92,450	--	92,450
Other Income	45,809	--	45,809
Net Assets Released From Restrictions	164,512	(164,512)	--
Total Support and Other Revenue	8,038,960	255,488	8,294,448
<u>Expenses:</u>			
Program Services:			
Food Recycling/Meal Distribution	3,560,683	--	3,560,683
Culinary Job Training	458,691	--	458,691
First Helping	347,625	--	347,625
Fresh Start Catering	859,632	--	859,632
National R&D	214,504	--	214,504
Campus Kitchens Project	1,096,657	--	1,096,657
Total Program Services	6,537,792	--	6,537,792
Supporting Activities:			
Management and General Development	679,654	--	679,654
	415,846	--	415,846
Total Support Services	1,095,500	--	1,095,500
Total Expenses	7,633,292	--	7,633,292
Excess of Support and Revenues Over Expenses	405,668	255,488	661,156
Investment Gains	291,078	--	291,078
Change in Net Assets	696,746	255,488	952,234
Net Assets, January 1, 2009	1,403,119	255,000	1,658,119
Net Assets, December 31, 2009	\$ 2,099,865	\$ 510,488	\$ 2,610,353

See accompanying notes.

Consolidated Statement of Activities
For the Year Ended December 31, 2008
D.C. Central Kitchen, Inc. and Affiliate

	Unrestricted	Temporarily Restricted	Total
<u>Support and Other Revenue:</u>			
Donated Goods and Services	\$ 2,009,057	\$ --	\$ 2,009,057
Contributions - General	1,943,335	45,000	1,988,335
Contributions - United Way	183,724	--	183,724
Federal Government Grants and Contracts	69,889	--	69,889
Local Government Contracts	1,972,200	--	1,972,200
Other Contracts	107,279	--	107,279
Contract Food Sales	240,255	--	240,255
Retail Food Sales	474,058	--	474,058
Special Event, Net	213,556	--	213,556
Affiliate Fees	14,698	--	14,698
Investment Income	95,133	--	95,133
Speaker Fees	29,175	--	29,175
Other Income	21,237	--	21,237
Net Assets Released From Restrictions	296,750	(296,750)	--
Total Support and Other Revenue	7,670,346	(251,750)	7,418,596
<u>Expenses:</u>			
Program Services:			
Food Recycling/Meal Distribution	3,472,181	--	3,472,181
Culinary Job Training	362,946	--	362,946
First Helping	355,239	--	355,239
Fresh Start Catering	782,069	--	782,069
National R&D	182,509	--	182,509
Campus Kitchens Project	822,296	--	822,296
Total Program Services	5,977,240	--	5,977,240
Supporting Activities:			
Management and General	912,579	--	912,579
Development	411,341	--	411,341
Total Support Services	1,323,920	--	1,323,920
Total Expenses	7,301,160	--	7,301,160
Excess of Support and Revenues Over Expenses	369,186	(251,750)	117,436
Investment Loss	(817,580)	--	(817,580)
Change in Net Assets	(448,394)	(251,750)	(700,144)
Net Assets, January 1, 2008	1,851,513	506,750	2,358,263
Net Assets, December 31, 2008	\$ 1,403,119	\$ 255,000	\$ 1,658,119

See accompanying notes.

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2009
D.C. Central Kitchen, Inc. and Affiliate

	Program Services							Supporting Activities		
	Food Recycling/Meal Distribution	Culinary Job Training	First Helping	Fresh Start Catering	National R&D	Campus Kitchens Project	Total Programs	Management And General	Development	Total
Depreciation	\$ 53,970	\$ --	\$ --	\$ --	\$ 436	\$ --	\$ 53,970	\$ 73,347	\$ --	\$ 127,317
Event Expenses	--	--	--	--	--	--	436	--	27,941	28,377
Event Expenses - Donated Equipment - Donated	31,825	--	--	--	--	--	31,825	--	23,354	23,354
Facilities Space - Donated	89,933	17,605	17,605	27,665	7,545	112,062	272,415	81,920	22,635	376,970
Food and Beverages - Donated	1,189,074	--	--	--	--	395,398	1,584,472	--	--	1,584,472
Food and Beverages - Purchased	567,564	8,963	5,208	259,045	--	7,083	847,863	--	--	847,863
Grants to Campus Kitchens	--	--	--	--	--	78,575	78,575	--	--	78,575
Insurance, other than Vehicle	400	--	--	--	--	--	400	29,227	--	29,627
Interest and Bank Fees	5,112	--	--	1,182	--	--	6,294	27,393	2,202	35,889
Internships	--	--	--	--	--	25,301	25,301	--	--	25,301
Kitchen Costs	182,474	9,037	2,907	111,277	--	8,105	313,800	869	--	314,669
Miscellaneous	2,016	947	1,225	3,308	1,347	6,583	15,426	25,992	2,719	44,137
Office Expense	5,391	8,916	1,238	7,081	498	5,617	28,741	24,376	20,768	73,885
Personnel	1,211,570	272,010	277,861	425,114	135,769	360,766	2,683,090	446,056	324,603	3,453,749
Professional Services	5,438	13,700	4,320	2,213	49,648	--	75,319	73,864	525	149,708
Professional Services - Donated	--	--	--	--	--	26,178	26,178	16,799	--	42,977
Program Expense	10,471	111,988	10,050	--	--	33,463	165,972	--	--	165,972
Technology and Communications	9,541	50	5,837	793	5,871	6,267	28,359	18,829	22,390	69,578
Travel and Local Business	678	515	793	621	7,406	31,259	41,272	13,578	5,044	59,894
Vehicle Expense	117,432	--	2,628	388	--	--	120,448	--	--	120,448
Shared Expense Allocation	77,794	14,960	17,953	20,945	5,984	--	137,636	(152,596)	14,960	--
Totals	\$ 3,560,683	\$ 458,691	\$ 347,625	\$ 859,632	\$ 214,504	\$ 1,096,657	\$ 6,537,792	\$ 679,654	\$ 467,141	\$ 7,684,587
Costs of Donor Benefits of Capital Food Fight										135,886
Total Functional Expenses										<u>\$ 7,820,473</u>

See accompanying notes.

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2008
D.C. Central Kitchen, Inc. and Affiliate

	Program Services						Supporting Activities			
	Food Recycling/Meal Distribution	Culinary Job Training	First Helping	Fresh Start Catering	National R&D	Campus Kitchens Project	Total Programs	Management And General	Development	Total
Depreciation	\$ 49,253	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 49,253	\$ 71,741	\$ --	\$ 120,994
Event Expenses	--	--	--	--	--	--	--	--	39,356	39,356
Event Expenses - Donated	--	--	--	--	--	--	--	--	34,224	34,224
Facilities Space - Donated	--	--	6,675	--	--	--	109,237	251,500	11,500	372,237
Food and Beverages - Donated	1,257,073	--	--	--	--	102,562	1,514,760	--	--	1,514,760
Food and Beverages - Purchased	575,248	7,333	4,466	217,689	--	6,278	811,014	--	30	811,044
Grants to Campus Kitchens	108	--	--	--	--	10,804	10,804	--	--	10,804
Insurance, other than Vehicle	4,541	--	--	682	--	772	880	28,915	--	29,795
Interest and Bank Fees	--	--	--	--	--	--	5,223	47,337	3,243	55,803
Internships	205,212	--	--	--	--	21,913	21,913	--	--	21,913
Kitchen Costs	7,960	3,031	1,006	58,090	--	8,686	273,385	--	--	273,385
Miscellaneous	8,437	5,705	25	4,626	1,844	6,034	23,520	15,920	1,051	40,491
Office Expense	1,118,692	2,52,747	289,469	437,053	502	7,726	28,888	33,083	47,806	109,777
Personnel	--	2,351	2,025	3,886	131,027	352,096	2,581,084	452,412	309,261	3,342,757
Professional Services	--	--	--	--	27,640	4,120	40,022	100,247	525	140,794
Professional Services - Donated	1,405	70,651	26,129	35	40	5,225	103,485	--	--	66,059
Program Expense	48,817	--	--	--	--	--	48,817	--	--	103,485
Tech. and Comm. - Donated	6,969	5,197	575	10	6,112	7,703	26,566	21,361	17,467	48,817
Technology and Communications	4,307	210	4,344	1,193	7,682	30,690	48,426	9,677	2,973	65,394
Travel and Local Business	89,339	--	1,794	20,642	--	--	111,775	--	--	61,076
Vehicle Expense	94,820	15,330	16,421	33,954	7,662	--	168,187	(185,673)	17,486	111,775
Shared Expense Allocation	--	--	--	--	--	--	--	--	--	--
Totals	\$ 3,472,181	\$ 362,946	\$ 355,239	\$ 782,068	\$ 182,509	\$ 822,296	\$ 5,977,239	\$ 912,579	\$ 484,922	\$ 7,374,740
Costs of Donor Benefits of Capital Food Fight	--	--	--	--	--	--	--	--	--	110,115
Total Functional Expenses	--	--	--	--	--	--	--	--	--	\$ 7,484,855

See accompanying notes.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008
D.C. Central Kitchen, Inc. and Affiliate

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 952,234	\$ (700,144)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	127,317	120,989
(Gain)/Loss on Investments	(291,078)	817,580
Changes in:		
Inventory	--	(5,362)
Receivables	(298,050)	(25,548)
Prepaid Expenses	10,037	18,833
Accounts Payable	544	(36,600)
Grants Payable	(10,945)	(41,004)
Accrued Payroll and Leave	23,143	(33,348)
Deferred Revenue	(51,789)	44,289
Other Payables	2,404	--
	<u>463,817</u>	<u>385,171</u>
Net Cash Provided by Operating Activities	463,817	385,171
Cash Flows from Investing Activities:		
Purchases of Fixed Assets	(119,626)	(91,017)
Investment Income Reinvested	(11,481)	(99,233)
Investments Liquidated	3,998	--
	<u>(127,109)</u>	<u>(190,250)</u>
Net Cash Used In Investing Activities	(127,109)	(190,250)
Cash Flows from Financing Activities:		
Principal Payments on Capital Lease Obligations	(9,229)	(16,741)
Proceeds of Note Payable	113,328	--
Payments on Note Payable	(16,152)	(50,858)
Draws on Line of Credit	1,859,230	1,852,000
Payments on Line of Credit	(2,034,230)	(1,896,000)
	<u>(87,053)</u>	<u>(111,599)</u>
Net Cash Provided by (Used in) Financing Activities	(87,053)	(111,599)
Net Increase in Cash	249,655	83,322
Cash, Beginning of Year	<u>283,829</u>	<u>200,507</u>
Cash, End of Year	<u>\$ 533,484</u>	<u>\$ 283,829</u>
Supplemental Disclosures:		
Interest Paid in Cash	<u>\$ 11,978</u>	<u>\$ 11,978</u>

See accompanying notes.

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

D.C. Central Kitchen, Inc. and Affiliate

NOTE 1 – Summary of Significant Accounting Policies

Entity

D.C. Central Kitchen, Inc. (DCCCK) was organized in the District of Columbia in 1988 as a not-for-profit organization for the purposes of fighting hunger and creating opportunity. DCCCK serves these goals through its distinct programs: Food Recycling and Meal Distribution, Culinary Job Training, First Helping, Fresh Start Catering, National R&D, and Campus Kitchens Project.

DCCCK uses food as a tool to:

- **Strengthen Bodies**, by safely recovering unserved foods from area foodservice businesses to feed children and adults at partner agencies throughout the greater Washington area.
- **Empower Minds** by providing foodservice job training for unemployed men and women and community service opportunities for youth and adults.
- **Build Communities** by providing working examples, innovative solutions, and shared technology to a cooperative and effective national network of community kitchens.

Related Entity - Principles of Consolidation

In 2002, The Campus Kitchens Project, Inc.sm (CKP) was incorporated as an affiliated corporation under common control with DCCCK. These financial statements include the accounts of DCCCK and CKP (collectively “the Organization”). Inter-company accounts and transactions have been eliminated as part of the consolidation.

CKP owns and operates four Campus Kitchens and has affiliate agreements with another sixteen. The contracts that define the CKP’s relationships with its “owned” and “affiliate” schools differ mainly in the burden of cost and assumption of liability.

Owned. CKP provides 100% of the staffing, funding, and ongoing assistance to Campus Kitchens who fall under the “owned” model. These are the first of CKP’s Campus Kitchens, and therefore acted as “pilot” programs. CKP retains control over the owned Campus Kitchens, assumes liability, and provides indemnification to the host school for the work of the program.

Affiliate. For Campus Kitchens operating under the “affiliate” model, the host school assumes the staffing responsibilities, ongoing costs, and liability for the Campus Kitchen program. Based on available funding and the school’s proposed budget, CKP provides a multi-year grant to the school to help defray these costs. CKP provides ongoing technical support, training, and licensing of its name and marks to all affiliate schools.

Each of the owned Campus Kitchens is organized as a limited liability company and operates a Campus Kitchen at a single college or university. Both owned and affiliated Campus Kitchens programs coordinate food donations, prepare and deliver meals to area community service agencies, teach basic food preparation and culinary skills to the unemployed, and provide service-learning opportunities for students. Since its inception in 2001, the Corporation has engaged more than 23,900 students who have provided more than 250,000 volunteer hours recycling food, working in the kitchen, and delivering more than 1,060,000 meals to local partner agencies.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with standards applicable to voluntary health and welfare organizations.

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 and disclosure of contingent 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 vary from the estimates that were used.

Notes to Consolidated Financial Statements
December 31, 2009 and 2008
D.C. Central Kitchen, Inc. and Affiliate

NOTE 1 – Summary of Significant Accounting Policies (continued)

Cash

Cash includes demand and time deposits in financial institutions. Deposits exceeded Federal Deposit Insurance Corporation (FDIC) limits by approximately \$43,000 at December 31, 2009.

Inventory

Inventory, consisting of disposable serving supplies and cooking ingredients, are stated at the lower of cost or market using the first-in, first-out (FIFO) method of determining cost.

Receivables

The Organization records receivables at net realizable value using the allowance method. No allowance is provided since all receivables are deemed fully collectible.

Government Contracts. The Organization has several contracts with local government agencies to provide food to area shelters. The amount reported as government contracts receivable represents the amounts due under these contracts.

Contributions. Contributions receivable consists of individual donations received shortly after year end when the donor checks are dated in the prior year.

Grants. Grants receivable consist of large corporate or foundation donations.

Other Accounts. Other accounts receivable includes amounts due for Fresh Start Catering services, and other receivables.

Investments

The Organization holds its investments in a mutual fund. According to the fund prospectus, 90% or more of the assets of the fund are invested in common stocks with the balance held in U.S. Treasury securities or other cash equivalents. Investments are reported at fair value. Their fair value is determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions.

Fixed Assets

Fixed Assets are recorded at cost or, for contributed assets, at estimated fair market value at the date of donation. The Organization only records fixed assets valued at \$1,000, however the Organization does not capitalize donations of used computer equipment. Fixed assets are depreciated using the straight-line method over estimated useful lives of three to seven years.

Accounting for Net Assets

The Organization's net assets, the excess of assets over liabilities, are reported in two mutually exclusive classes:

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.

Unrestricted. Those net assets that are not temporarily restricted.

Revenue Recognition

Contributions – General. Contributions received, including unconditional promises to give, are recognized at their estimated fair values in the period received or pledged. Contributions received are reported either as unrestricted revenue or temporarily restricted revenue. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. However, contributions that are restricted by a donor are reported as increases in unrestricted net assets if the restrictions expire in the same fiscal year in which the contributions are recognized.

Notes to Consolidated Financial Statements
December 31, 2009 and 2008
D.C. Central Kitchen, Inc. and Affiliate

NOTE 1 – Summary of Significant Accounting Policies (continued)

Revenue Recognition (concluded)

Contributions – Space. The Organization receives the rent-free use of kitchen facilities, office space, and dry storage. These in-kind contributions and the related rental expense of \$376,970 and \$372,237 for the years ended December 31, 2009 and 2008, respectively, are reflected in the accompanying consolidated financial statements based on management’s estimate.

Contributions – Services. The Organization recognizes certain contributed services as revenue and expense if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization receives contributed services from a large number of volunteers that do not meet the criteria for recognition. The fair value of these services is not practical to estimate.

Contributions – Food. The Organization has received millions of pounds of food since its inception in 1989. Management uses certain estimates and assumptions to determine the value of approximately 754,000 and 880,000 pounds of food for the years ended December 31, 2009 and 2008, respectively.

Government Grants. Government grants consist of cost reimbursement contracts and fee for service contracts. Revenues are recognized when the Organization incurs allowable costs or provides the contracted services.

Retail Food. Retail food sales of Fresh Start Catering are recognized when the food is delivered. Any cash received from customers prior to delivery is reported as deferred revenue.

Expense Allocation

The Organization’s expenses have been summarized on a functional basis in the statement of activities. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited as detailed in the consolidated statements of functional expenses.

Income Taxes

The Organization consists of separate not-for-profit corporations, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). They have been designated as “publicly supported” organizations under Section 509(a)(1) of the Code. As such, both entities are eligible to receive tax deductible contributions.

The Organization has not earned any unrelated business taxable income; therefore, these financial statements contain no provision for federal income taxes. The Organization holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Organization’s Forms 990, *Return of Organization Exempt from Income Taxes*, for 2005, 2006, 2007, and 2008 are subject to examination by the IRS, generally for 4 years after that date filed.

As discussed in the “Entity” section above, each of the owned Campus Kitchens is a single-member LLC owned entirely by the CKP. Each of the owned Campus Kitchens is treated as a disregarded entity for income tax purposes and, as such, its financial activity is reported in conjunction with the federal tax filings of the CKP.

Prior Year Information

Certain prior year information may be presented differently in order to conform with the current year presentation.

NOTE 2 – Functional Expenses

The costs of conducting the Organization’s program services and other activities have been summarized on a functional basis.

Food Recycling and Meal Distribution. In 2009 DC Central Kitchen recovered over 750,000 pounds of food that would otherwise have gone to waste. In conjunction with almost 13,000 annual volunteers and culinary job training students, our staff used this food to create meals for more than 1.7 million meals for Washington DC’s homeless shelters, transitional homes and close to 100 other partner social service agencies throughout the Washington

Notes to Consolidated Financial Statements
December 31, 2009 and 2008
D.C. Central Kitchen, Inc. and Affiliate

NOTE 2 – Functional Expenses (continued)

Food Recycling and Meal Distribution. (concluded)

metropolitan area. Agencies receiving meals include community and youth centers, children's after-school programs, senior centers, addiction recovery programs, ESL and GED programs and halfway homes. Healthy Returns is a program of DC Central Kitchen focused on feeding our young people healthier foods that will help develop life-long improved eating habits. The program's goal is to enable DC agencies to encourage our youth to eat better and lead healthier lives by consistently providing more substantial, more nutritious foods that remain "kid friendly." Healthy Returns distributes these snacks and meals to agencies serving low-income children and at-risk youth as well as agencies serving struggling families across the Washington Metropolitan Area. Not only will the children be provided healthier food, but they will also receive nutritional education. The invaluable information that they will be taught will allow the students the power to make smarter food and health choices.

Culinary Job Training. DCCCK operates an intense, nationally recognized thirteen-week Culinary Job Training program for unemployed and/or formerly incarcerated men and women living in homeless shelters or receiving welfare benefits. The program offers comprehensive training in food preparation and sanitation in combination with job readiness and life skills training. For the year ended December 31, 2009, DCCCK operated five such programs and graduated 81 students.

First Helping. First Helping is a street-level outreach project of DCCCK that serves men and women who are homeless and living on city streets or in the city's emergency shelters. First Helping provides breakfasts each weekday throughout the year at four DC locations. Our outreach team uses this food to get to know the clients and establish a bond of trust. Once this relationship has been established, the outreach team is better able to connect their clients with the services they need.

Fresh Start Catering and Contract Foods. Fresh Start Catering is a full-service, professional catering and contract foods company that employs graduates of DCCCK's job training program and generates revenue for DCCCK. With Fresh Start, graduates build on the skills they acquired in the Culinary Job Training program by focusing on advanced culinary skills, presentation techniques, and formal service that will enable them to obtain jobs in the competitive hospitality industry. This program supports DCCCK's training program as well as serving as a model for what we believe corporate philanthropy can be.

A new venture in 2008 was the food service contract for the Washington Jesuit Academy (WJA). WJA is an all scholarship, private middle school for at risk boys in the Brookland neighborhood of Northeast DC. The school operates from 7am – 7pm eleven months a year, and on-site Fresh Start employees prepare breakfast, lunch and dinner for the students and staff.

National R&D. DCCCK believes that it is important to promote not just the activities of DCCCK, but the ideals that drive its mission. To carry out this effort in 2009, DCCCK's president traveled to universities, colleges, and spoke in over 60 communities around the country to discuss issues of homelessness, poverty, nonprofit management, responsible civic leadership and social entrepreneurship as well as the future of the nonprofit sector.

Campus Kitchens Project, Inc.sm. The Campus Kitchens Project, Inc. is a nationwide program that has opened, staffed, and supported DCCCK-style community kitchens in university and high school settings. The pilot site of the Campus Kitchens Projectsm at Saint Louis University was opened in October 2001. The project is a collaborative venture between DCCCK, the university dining contractor, and the university. Food is donated from campus dining facilities, re-prepared by student volunteers and then distributed, by students, to social service agencies and individuals located in the immediate community. At year end there are 20 Campus Kitchens Projects located around the country.

Management and General. The costs include all expenses required to conduct the affairs of the Organization that are not attributable to other functional areas.

Development. These are the costs of all fundraising activities including the costs of the Capital Food Fight event that are not classified as direct donor benefits.

Notes to Consolidated Financial Statements
December 31, 2009 and 2008
D.C. Central Kitchen, Inc. and Affiliate

NOTE 3 – Grants Receivable

Grants receivable represent unconditional promises to give and are stated at their net realizable value. Amounts are expected to be collected according to the following schedule:

Payments Due:	2009	2008
2009	\$ --	\$ 212,500
2010	72,000	--
2011	75,000	--
Totals	<u>\$ 147,000</u>	<u>\$ 212,500</u>

NOTE 4 – Line of Credit

DCKK has a line of credit with Bank of America which provides for borrowing up to \$750,000 at their prime rate, which was 5.00% at December 31, 2009. The line of credit is secured by inventory, receivables and equipment and expires on July 31, 2010. As of December 31, 2009 and 2008, the line had an outstanding balance of \$100,000 and \$275,000, respectively.

NOTE 5 – Note Payable

In 2009, DCKK borrowed \$113,328 from Bank of America to finance three new vehicles. The Notes require 36 monthly payments of \$3,409, consisting of principal and interest computed at 3.00%. The Note is secured by the vehicles that were purchased.

	Payment	Principal	Interest
2010	\$ 40,908	\$ 37,154	\$ 3,754
2011	40,908	38,284	2,624
2011	22,693	21,738	955
Totals	<u>\$ 104,509</u>	<u>\$ 97,176</u>	<u>\$ 7,333</u>

NOTE 6 – Designated Net Assets

The Board has elected to designate a portion of its unrestricted net assets as a reserve for operating cash needs. The amount designated is approximately three months of cash expenses.

NOTE 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	2009	2008
Purpose Restrictions:		
Campus Kitchens Project, Inc	\$ 363,488	\$ 80,000
Time Restrictions:		
Amounts to be received	<u>147,000</u>	<u>175,000</u>
Totals	<u>\$ 510,488</u>	<u>\$ 255,000</u>

Net assets are reclassified as unconditional promises are received and as expenses are incurred that satisfy program restrictions.

Notes to Consolidated Financial Statements
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D.C. Central Kitchen, Inc. and Affiliate

NOTE 8 – Special Event

The Organization’s annual fundraiser, The Capital Food Fight, is held in the fall. Net revenues consist of the following:

	2009	2008
Revenue:		
Sponsorships & Cash Contributions	\$ 269,628	\$ 180,109
In-kind Contributions	112,963	122,017
Ticket Sales	89,865	66,175
Auction Proceeds	24,300	28,950
Total Revenue	<u>496,756</u>	<u>397,251</u>
Expenses:		
Direct Donor Benefits	135,886	110,115
Development Expenses:		
Cash Expenses	27,941	39,356
Donated Expenses	23,354	34,224
Total Expenses	<u>187,181</u>	<u>183,695</u>
Net Special Event	<u>\$ 309,575</u>	<u>\$ 213,556</u>

NOTE 9 – Grants to Affiliates

CKP provides initial funding to Campus Kitchens affiliates in accordance with affiliate agreements. These grants provide monthly funding for 36 months and are recorded as contributions made at the date the affiliation agreement is signed. The unpaid portion of these grants is reported as payables at the end of the year. The following table provides the schedule of funding.

Payments Due:	2009	2008
2009	\$ --	\$ 37,639
2010	41,620	15,427
2011	9,130	8,629
Totals	<u>\$ 50,750</u>	<u>\$ 61,695</u>

NOTE 10 – Subsequent Events

CKP evaluated events and transactions for potential recognition or disclosure through April 19, 2010, which is the date the financial statements were available to be issued.