



RESCUING LEFTOVER CUISINE, INC.

Audited Financial Statements

December 31, 2016

Independent Auditors' Report

To the Board of Directors of
Rescuing Leftover Cuisine, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Rescuing Leftover Cuisine, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 organization'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 organization'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.

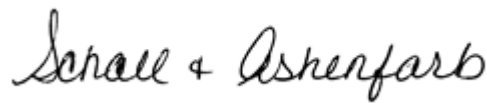
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rescuing Leftover Cuisine, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

June 13, 2017

RESCUING LEFTOVER CUISINE, INC.
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2016
(With comparative totals at December 31, 2015)

	<u>12/31/16</u>	<u>12/31/15</u>
Assets		
Cash and cash equivalents	<u>\$151,473</u>	<u>\$73,437</u>
Total assets	<u><u>\$151,473</u></u>	<u><u>\$73,437</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	<u>\$15,607</u>	<u>\$9,319</u>
Total liabilities	<u>15,607</u>	<u>9,319</u>
Net assets:		
Unrestricted	117,361	64,118
Temporarily restricted	18,505	0
Total net assets	<u>135,866</u>	<u>64,118</u>
Total liabilities and net assets	<u><u>\$151,473</u></u>	<u><u>\$73,437</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

RESCUING LEFTOVER CUISINE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With comparative totals for the year ended December 31, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 12/31/16</u>	<u>Total 12/31/15</u>
Public support and revenue:				
Contributions	\$157,255	\$30,000	\$187,255	\$117,528
Donated goods (Note 4)	1,046,424		1,046,424	476,298
In-kind rent (Note 4)	8,000		8,000	9,000
Special events	49,236		49,236	6,501
Earned income	16,154		16,154	2,639
Net assets released from restriction	11,495	(11,495)	0	0
Total public support and revenue	<u>1,288,564</u>	<u>18,505</u>	<u>1,307,069</u>	<u>611,966</u>
Expenses:				
Program services	1,188,838		1,188,838	538,462
Management and general	46,483		46,483	25,260
Total expenses	<u>1,235,321</u>	<u>0</u>	<u>1,235,321</u>	<u>563,722</u>
Change in net assets	53,243	18,505	71,748	48,244
Net assets - beginning of year	<u>64,118</u>	<u>0</u>	<u>64,118</u>	<u>15,874</u>
Net assets - end of year	<u><u>\$117,361</u></u>	<u><u>\$18,505</u></u>	<u><u>\$135,866</u></u>	<u><u>\$64,118</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

RESCUING LEFTOVER CUISINE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With comparative totals for the year ended December 31, 2015)

	Program Services	Management and General	Total 12/31/16	Total 12/31/15
Salaries	\$103,758		\$103,758	\$40,750
Payroll taxes	7,938		7,938	3,115
Program expenses (including donated goods)	1,077,142		1,077,142	494,597
Professional fees		\$16,945	16,945	6,500
Rent (including in-kind rent)		11,950	11,950	9,000
Advertising and marketing		8,338	8,338	3,858
Office expenses		6,409	6,409	2,332
Insurance		2,345	2,345	2,160
Printing		496	496	1,410
Total	\$1,188,838	\$46,483	\$1,235,321	\$563,722

The attached notes and auditors' report are an integral part of these financial statements.

RESCUING LEFTOVER CUISINE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With comparative totals for the year ended December 31, 2015)

	12/31/16	12/31/15
Cash flows from operating activities:		
Change in net assets	\$71,748	\$48,244
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Prepaid expenses and other assets	0	331
Accounts payable and accrued expenses	6,288	6,127
Total adjustments	6,288	6,458
Net cash flows provided by operating activities/ net increase in cash and cash equivalents	78,036	54,702
Cash and cash equivalents - beginning of year	73,437	18,735
Cash and cash equivalents - end of year	\$151,473	\$73,437
Supplemental information:		
Interest and income taxes paid	\$0	\$0

The attached notes and auditors' report are an integral part of these financial statements.

RESCUING LEFTOVER CUISINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1 - Organization

Rescuing Leftover Cuisine, Inc. (the "Organization") received its certificate of incorporation in New York on July 3, 2013. The mission is to aid the homeless and hungry living in New York City by providing such individuals with food donated by restaurants, hotels, universities, and other small businesses that would otherwise throw this food away.

In January 2014, the Organization received notification that they are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. After an initial period of five years, the IRS will determine whether the Organization qualifies as a publically supported organization or a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

b. Basis of Presentation

The Organization reports information regarding its financial position and activity according to the following classes of net assets.

- *Unrestricted* – represents all activity without donor-imposed restrictions as well as activity with donor-imposed restrictions that expire within the same period.
- *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by the passage of time or performance of activities.
- *Permanently restricted* – relates to contributions of cash and other assets whereby all assets must remain intact due to restrictions placed by the donor. There was no permanently restricted activity or net assets at December 31, 2016.

c. Contributions

The Organization reports contributions as revenue upon the earlier of receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions are recorded in the temporarily restricted class of net assets. All other contributions are recorded in the unrestricted class of net assets. When a restriction expires by satisfying the specific purpose or through the passage of time, temporarily restricted net assets are released from restriction and reclassified as unrestricted net assets. When a restriction has been met in the same period that the contribution has been received, it is recorded as unrestricted.

d. Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash accounts held with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits.

f. Advertising

Advertising costs are charged to operations when the advertising first takes place.

g. Management Estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

h. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

i. Donated Goods and Services

Contributions of services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not contributed, are recorded as income and as related expense.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

Donated goods are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 4 for more details.

j. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

k. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for the period ended December 31, 2013, the Organization's initial filing, and later are subject to examination by applicable taxing authorities.

l. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through June 13, 2017, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require

adjustment to or disclosure in the financial statements.

m. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the December 31, 2018 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2020 fiscal year, requires the full obligation of long term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

Management is evaluating the impact of these standards on future financial statements.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for web application development.

Note 4 - Donated Goods and Services

The Organization records donated food as unrestricted public support and program expense at the time of receipt, which is virtually simultaneous with when it is granted. An independent study has been performed by a large national not-for-profit organization to provide an estimate of the per pound value of food.

The Organization recorded donated food used for programs at \$1.66 per pound. During the years ended December 31, 2016 and 2015, more than 630,000 and 285,000 pounds of food were received and distributed. Total donated food valued at \$1,046,424 and \$476,298, respectively, is included on the accompanying financial statements.

In addition, the Organization received donated office space valued at \$8,000 and \$9,000 in 2016 and 2015, respectively. This amount has been reflected on the statements of activities and functional expenses.

Note 5 - Commitments

The Organization has a non-cancellable lease for office space in New York, NY which is set to expire on May 31, 2017. However, under terms of the agreement, the lease will continue month to month thereafter until terminated by either party. Future minimum payments under the terms of the lease total \$750.