



RESCUING LEFTOVER CUISINE, INC.

Audited Financial Statements

December 31, 2017

Independent Auditor's 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, 2017, 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.

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 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.

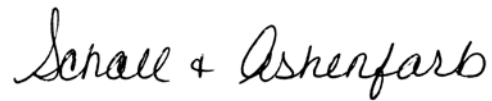
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

September 28, 2018

RESCUING LEFTOVER CUISINE, INC.
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2017
(With comparative totals at December 31, 2016)

	<u>12/31/17</u>	<u>12/31/16</u>
Assets		
Cash and cash equivalents	<u>\$96,669</u>	<u>\$151,473</u>
Total assets	<u><u>\$96,669</u></u>	<u><u>\$151,473</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	<u>\$22,913</u>	<u>\$15,607</u>
Total liabilities	<u>22,913</u>	<u>15,607</u>
Net assets:		
Unrestricted	73,756	117,361
Temporarily restricted	0	18,505
Total net assets	<u>73,756</u>	<u>135,866</u>
Total liabilities and net assets	<u><u>\$96,669</u></u>	<u><u>\$151,473</u></u>

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

RESCUING LEFTOVER CUISINE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(With comparative totals for the year ended December 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 12/31/17</u>	<u>Total 12/31/16</u>
Public support and revenue:				
Contributions	\$192,716		\$192,716	\$187,255
Donated goods (Note 4)	1,323,469		1,323,469	1,046,424
In-kind rent (Note 4)			0	8,000
Special events	60,626		60,626	49,236
Earned income	42,754		42,754	16,154
Net assets released from restriction	18,505	(\$18,505)	0	0
Total public support and revenue	<u>1,638,070</u>	<u>(18,505)</u>	<u>1,619,565</u>	<u>1,307,069</u>
Expenses:				
Program services	1,515,892		1,515,892	1,188,838
Management and general	121,097		121,097	46,483
Fundraising	44,686		44,686	0
Total expenses	<u>1,681,675</u>	<u>0</u>	<u>1,681,675</u>	<u>1,235,321</u>
Change in net assets	(43,605)	(18,505)	(62,110)	71,748
Net assets - beginning of year	<u>117,361</u>	<u>18,505</u>	<u>135,866</u>	<u>64,118</u>
Net assets - end of year	<u>\$73,756</u>	<u>\$0</u>	<u>\$73,756</u>	<u>\$135,866</u>

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

RESCUING LEFTOVER CUISINE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(With comparative totals for the year ended December 31, 2016)

	<u>Supporting Services</u>			<u>Total</u> <u>12/31/17</u>	<u>Total</u> <u>12/31/16</u>
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and</u> <u>General</u>	<u>Fundraising</u>		
Salaries	\$130,341	\$15,667	\$39,166	\$185,174	\$103,758
Payroll taxes	9,972	1,199	2,996	14,167	7,938
Program expenses (including donated goods)	1,367,177			1,367,177	1,077,142
Professional fees		45,977		45,977	16,945
Rent	7,645	919	2,297	10,861	11,950
Advertising and marketing		48,043		48,043	8,338
Office expenses	757	7,077	227	8,061	6,409
Insurance				0	2,345
Printing		2,215		2,215	496
Total	\$1,515,892	\$121,097	\$44,686	\$1,681,675	\$1,235,321

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

RESCUING LEFTOVER CUISINE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With comparative totals for the year ended December 31, 2016)

	<u>12/31/17</u>	<u>12/31/16</u>
Cash flows from operating activities:		
Change in net assets	(\$62,110)	\$71,748
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Changes in assets and liabilities:		
Accounts payable and accrued expenses	<u>7,306</u>	<u>6,288</u>
Total adjustments	<u>7,306</u>	<u>6,288</u>
Net cash flows (used for)/provided by operating activities/ net (decrease)/increase in cash and cash equivalents	(54,804)	78,036
Cash and cash equivalents - beginning of year	<u>151,473</u>	<u>73,437</u>
Cash and cash equivalents - end of year	<u><u>\$96,669</u></u>	<u><u>\$151,473</u></u>
Supplemental information:		
Interest and income taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

RESCUING LEFTOVER CUISINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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) from the Internal Revenue Service ("IRS"). 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, 2017 or 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, 2016, 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, 2014, 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 September 28, 2018, 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.

On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the December 31, 2019 year, with early implementation permitted, provides guidance on whether a receipt from a third party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the December 31, 2019 year, focuses on a principle based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

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 were available for web application development at December 31, 2016 and spent during 2017.

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 \$1.67 per pound in 2017 and \$1.66 per pound in 2016. During the years ended December 31, 2017 and 2016, more than 792,000 and 630,000 pounds of food were received and distributed respectively. Total donated food valued at \$1,323,469 and \$1,046,424, at December 31, 2017 and 2016 respectively, is included on the accompanying financial statements.

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

Note 5 - Commitment

The Organization does not have any long-term contracts, leases, or other commitments.