



# **RESCUING LEFTOVER CUISINE, INC.**

## **Audited Financial Statements**

**December 31, 2018**

## **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, 2018, 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***

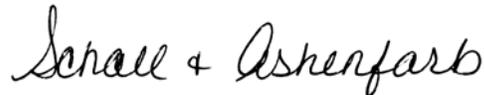
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rescuing Leftover Cuisine, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

***Report on Summarized Comparative Information***

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



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Schall & Ashenfarb  
Certified Public Accountants, LLC

November 7, 2019

**RESCUING LEFTOVER CUISINE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2018**  
(With comparative totals at December 31, 2017)

	<u>12/31/18</u>	<u>12/31/17</u>
<b>Assets</b>		
Cash and cash equivalents	<u>\$119,619</u>	<u>\$96,669</u>
Total assets	<u><u>\$119,619</u></u>	<u><u>\$96,669</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	<u>\$15,637</u>	<u>\$22,913</u>
Net assets:		
Without donor restrictions	<u>103,982</u>	<u>73,756</u>
Total liabilities and net assets	<u><u>\$119,619</u></u>	<u><u>\$96,669</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, 2018**  
(With comparative totals for the year ended December 31, 2017)

	<u>12/31/18</u>	<u>12/31/17</u>
<b>Without donor restrictions:</b>		
Public support and revenue:		
Contributions	\$463,748	\$192,716
Donated goods (Note 3)	1,684,334	1,323,469
Special events	56,387	60,626
Earned income	111,911	42,754
Total public support and revenue	<u>2,316,380</u>	<u>1,619,565</u>
 Expenses:		
Program services	2,020,362	1,515,892
Management and general	177,888	121,097
Fundraising	87,904	44,686
Total expenses	<u>2,286,154</u>	<u>1,681,675</u>
 Change in net assets	30,226	(62,110)
 Net assets - beginning of year	<u>73,756</u>	<u>135,866</u>
 Net assets - end of year	<u><u>\$103,982</u></u>	<u><u>\$73,756</u></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, 2018**  
(With comparative totals for the year ended December 31, 2017)

	<u>Supporting Services</u>			<u>Total 12/31/18</u>	<u>Total 12/31/17</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$241,036	\$15,757	\$57,903	\$314,696	\$185,174
Payroll taxes	28,970	1,894	6,959	37,823	14,167
Program expenses (including donated goods)	1,729,486			1,729,486	1,367,177
Professional fees		71,034	\$14,250	85,284	45,977
Rent	18,189	1,189	8,148	27,526	10,861
Advertising and marketing		74,008		74,008	48,043
Office expenses	2,681	11,886	644	15,211	8,061
Printing		2,120		2,120	2,215
<b>Total</b>	<b><u>\$2,020,362</u></b>	<b><u>\$177,888</u></b>	<b><u>\$87,904</u></b>	<b><u>\$2,286,154</u></b>	<b><u>\$1,681,675</u></b>

*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, 2018**  
(With comparative totals for the year ended December 31, 2017)

	<u>12/31/18</u>	<u>12/31/17</u>
Cash flows from operating activities:		
Change in net assets	\$30,226	(\$62,110)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Changes in assets and liabilities:		
Accounts payable and accrued expenses	<u>(7,276)</u>	<u>7,306</u>
Total adjustments	<u>(7,276)</u>	<u>7,306</u>
Net cash flows provided by/(used for) operating activities/ net increase/(decrease) in cash and cash equivalents	22,950	(54,804)
Cash and cash equivalents - beginning of year	<u>96,669</u>	<u>151,473</u>
Cash and cash equivalents - end of year	<u><u>\$119,619</u></u>	<u><u>\$96,669</u></u>
 Supplemental information:		
Interest and income taxes paid	<u><u>\$109</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, 2018**

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

Effective January 1, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 5).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

b. Basis of Presentation

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

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions.

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact in perpetuity.

c. Contributions

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

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 conformity with accounting principles generally accepted in the United States of America 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 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.

The following costs are allocated by time and effort:

- Salaries
- Payroll taxes
- Rent
- Office expenses

All other expenses have been charged directly to the applicable program or supporting services.

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 3 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, 2017, 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, 2015, 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 November 7, 2019, 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

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (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 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.

The Organization is in the process of evaluating the impact these standards will have on future financial statements.

**Note 3 - 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 for the years ended 2018 and 2017. More than 1,008,000 and 792,000 pounds of food were received and distributed during the years ended December 31, 2018 and 2017, respectively. Total donated food valued at \$1,684,334 and \$1,323,469, at December 31, 2018 and 2017, respectively, is included on the accompanying financial statements.

**Note 4 - Commitment**

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

**Note 5 - Liquidity and Availability of Financial Resources**

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the Organization operates its programs within a board approved budget and relies on grants, contributions, and earned income to fund its operations and program activities.

The Organization has financial assets of \$119,619 at December 31, 2018 that are available to meet cash needs for general expenditures within one year.