



# **RESCUING LEFTOVER CUISINE, INC.**

Audited Financial Statements

December 31, 2020

## **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, 2020, 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.

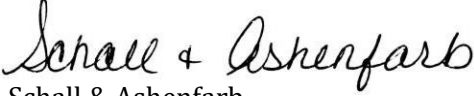
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

August 24, 2021

**RESCUING LEFTOVER CUISINE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2020**  
(With comparative totals at December 31, 2019)

	<u>12/31/20</u>	<u>12/31/19</u>
<b>Assets</b>		
Cash and cash equivalents	\$769,244	\$105,919
Investments (Note 3)	15,910	597
Contributions receivable	193,945	110,243
Prepaid expenses	5,786	0
Fixed assets, net (Note 4)	<u>177,440</u>	<u>80,216</u>
 Total assets	 <u><u>\$1,162,325</u></u>	 <u><u>\$296,975</u></u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$43,647	\$10,386
Loans payable (Note 5)	10,000	64
Paycheck Protection Program loan (Note 6)	<u>78,800</u>	<u>0</u>
Total liabilities	<u>132,447</u>	<u>10,450</u>
Net assets:		
Without donor restrictions	616,206	286,525
With donor restrictions (Note 7)	<u>413,672</u>	<u>0</u>
Total net assets	<u>1,029,878</u>	<u>286,525</u>
 Total liabilities and net assets	 <u><u>\$1,162,325</u></u>	 <u><u>\$296,975</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, 2020**  
(With comparative totals for the year ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/20	Total 12/31/19
Public support and revenue:				
Contributions	\$989,698	\$518,500	\$1,508,198	\$669,834
Government grants	8,000		8,000	0
Donated goods (Note 8)	2,577,550		2,577,550	2,791,840
Special events	0		0	13,479
Earned income	132,911		132,911	180,419
Unrealized gain on investments	2,853		2,853	0
Dividend and interest income	243		243	5
Other income	2,741		2,741	0
Net assets released from restriction (Note 7)	104,828	(104,828)	0	0
Total public support and revenue	<u>3,818,824</u>	<u>413,672</u>	<u>4,232,496</u>	<u>3,655,577</u>
Expenses:				
Program services	3,123,582		3,123,582	3,154,240
Supporting Services:				
Management and general	222,625		222,625	222,100
Fundraising	142,936		142,936	96,694
Total expenses	<u>3,489,143</u>	<u>0</u>	<u>3,489,143</u>	<u>3,473,034</u>
Change in net assets	329,681	413,672	743,353	182,543
Net assets - beginning of year	<u>286,525</u>	<u>0</u>	<u>286,525</u>	<u>103,982</u>
Net assets - end of year	<u><u>\$616,206</u></u>	<u><u>\$413,672</u></u>	<u><u>\$1,029,878</u></u>	<u><u>\$286,525</u></u>

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**RESCUING LEFTOVER CUISINE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With comparative totals for the year ended December 31, 2019)

	<u>Supporting Services</u>			<u>Total 12/31/20</u>	<u>Total 12/31/19</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$275,967	\$19,150	\$86,503	\$381,620	\$347,720
Payroll taxes	52,225	3,624	16,370	72,219	42,544
Program expenses (including donated goods)	2,745,281			2,745,281	2,849,226
Professional fees		99,199	\$23,750	122,949	75,854
Rent	17,147	1,190	5,375	23,712	29,577
Advertising and marketing		48,080		48,080	68,728
Office and other expenses	3,977	46,624	1,852	52,453	37,392
Conferences, meetings and travel		1,363		1,363	5,672
Insurance		1,122		1,122	4,047
Printing		262		262	815
Depreciation and amortization	28,985	2,011	9,086	40,082	11,459
<b>Total</b>	<b><u><u>\$3,123,582</u></u></b>	<b><u><u>\$222,625</u></u></b>	<b><u><u>\$142,936</u></u></b>	<b><u><u>\$3,489,143</u></u></b>	<b><u><u>\$3,473,034</u></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, 2020**  
(With comparative totals for the year ended December 31, 2019)

	<u>12/31/20</u>	<u>12/31/19</u>
Cash flows from operating activities:		
Change in net assets	\$743,353	\$182,543
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	40,082	11,459
Unrealized gain on investments	(2,853)	0
Donated stock	(12,449)	(592)
Changes in assets and liabilities:		
Contributions receivable	(83,702)	(110,243)
Prepaid expenses	(5,786)	0
Accounts payable, accrued expenses and other liabilities	33,261	(5,251)
Net cash provided by operating activities	<u>711,906</u>	<u>77,916</u>
Cash flows from investing activities:		
Purchase of fixed assets	(137,306)	(91,675)
Purchase of investments (including reinvested interest/dividends)	(11)	(5)
Net cash used for investing activities	<u>(137,317)</u>	<u>(91,680)</u>
Cash flows from financing activities:		
Loan drawdowns	10,000	30,494
Loan repayments	(64)	(30,430)
Proceeds from Paycheck Protection Program loan	78,800	0
Net cash provided by financing activities	<u>88,736</u>	<u>64</u>
Net increase/(decrease) in cash and cash equivalents	663,325	(13,700)
Cash and cash equivalents - beginning of year	<u>105,919</u>	<u>119,619</u>
Cash and cash equivalents - end of year	<u><u>\$769,244</u></u>	<u><u>\$105,919</u></u>
Supplemental information:		
Interest and income taxes paid	<u>\$161</u>	<u>\$659</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, 2020**

**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.

The Organization has been notified by the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has not been designated as 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.

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* – represents those resources for which there are no restrictions by donors as to their use.
- *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. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Revenue Recognition

The Organization follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2018-08 ("Topic 605") for recording contributions. Contributions are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described 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 are received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.



Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. All contributions receivable at December 31, 2020 and 2019 are expected to be received within one year and have been recorded at net realizable value.

Management assesses outstanding receivables for collectability using specific identification and analyzing historical trends. Based on this review, no allowance for doubtful accounts is deemed warranted.

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. At year end and at certain times throughout the year, the Organization had uninsured balances; however, they have not suffered any losses due to the failure of any of these institutions.

f. Investments

Investments are recorded at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

g. Advertising

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

h. 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.

i. 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 using time and effort as the basis:

- Salaries

The following costs are allocated using same ratios as the salary allocations:

- Payroll taxes
- Rent
- Office expenses
- Depreciation

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

j. 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 8 for more details.

k. 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, 2019, from which the summarized information was derived.

l. 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, 2017, the Organization's initial filing, and later are subject to examination by applicable taxing authorities.

m. New Accounting Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the consolidated statement of financial position.

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

**Note 3 - Investments**

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of common stock at December 31, 2020 and 2019, which are measured using Level 1 inputs.

Level 1 securities are valued at the closing price reported on the active market that they are traded on. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

**Note 4 - Fixed Assets**

Fixed assets consist of:

	<u>12/31/20</u>	<u>12/31/19</u>
Software development	\$228,981	\$91,675
Less: accumulated depreciation and amortization	<u>(51,541)</u>	<u>(11,459)</u>
Total fixed assets	<u>\$177,440</u>	<u>\$80,216</u>

**Note 5 - Loans Payable**

The Organization entered into a line of credit agreement with a financial institution; whereby, it is permitted to borrow a maximum of \$75,000 with an interest rate of PRIME plus 3.25%, with the floor rate being 6.50%. The line is collateralized against all of the Organization's assets. The full amount outstanding as of December 31, 2019 was \$64 and was repaid in full in 2020. At December 31, 2020, the full amount of the line was available for use.

Subsequent to year end, the line of credit maturity date was extended to July 12, 2022, and the maximum permitted to borrow was increased from \$75,000 to \$80,000.

In addition, on June 13, 2020, the Organization obtained a loan through the U.S. Small Business Administration ("SBA") in the amount of \$10,000 through the Economic Injury Disaster Loan Program. The loan is payable over a period of 29 years, with a one-year deferral of payment and interest will accrue at 2.75%.

Subsequent to year end, the SBA loan was repaid in full.

**Note 6 - Paycheck Protection Program Loan**

On April 13, 2020, the Organization obtained a loan through the SBA in the amount of \$78,800 through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a six-month deferral of payments and interest will accrue at 1%. Subsequent to year end, the Organization applied for and received forgiveness from the SBA for the full amount of the loan.

The Organization has opted to treat the Paycheck Protection Program proceeds as a loan payable in accordance with FASB ASC 470. Under this treatment, the proceeds from the loan will remain as a liability until either the loan is forgiven by the SBA, or the Organization pays it off.

**Note 7 - Net Assets With Donor Restrictions**

The following schedule summarizes the activity of net assets with donor restrictions during the year ended December 31, 2020:

	Beginning Balance <u>1/1/20</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Ending Balance <u>12/31/20</u>
Program restricted:				
Food Rescue and Delivery Operations	<u>\$0</u>	<u>\$518,500</u>	<u>(\$104,828)</u>	<u>\$413,672</u>

**Note 8 - 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 2020 and 2019. More than 1,543,000 and 1,671,000 pounds of food were received and distributed during the years ended December 31, 2020 and 2019, respectively. Total donated food valued at \$2,577,550 and \$2,791,840, at December 31, 2020 and 2019, respectively, is included on the financial statements.

**Note 9 - Retirement Plan**

The Organization has a tax deferred annuity plan under IRS section 401(k) for employees who are at least 21 years of age. Under the plan, employees may opt to defer a portion of their gross pay, having that portion of pay be invested in accordance with applicable federal and state guidelines governing deferred compensation programs. The Organization provides a 2% employer match on employee contributions. The Organization contributed \$7,610 to the plan during the year ended December 31, 2020.

## Note 10 - 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.

Financial assets at year-end:	
Cash and cash equivalents	\$769,244
Investments	15,910
Contributions receivable	<u>193,945</u>
Total financial assets	\$979,099
Less amounts not available for general expenditures:	
Program restricted contributions	<u>(413,672)</u>
Financial assets available to meet cash needs for for general expenditures within one year	<u>\$565,427</u>

## Note 11 - Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through August 24, 2021, the date the financial statements were available to be issued. All events that 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 have been made.

## Note 12- Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted, however supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.