

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP**

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Vetri Foundation for Children
dba: Vetri Community Partnership
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Vetri Foundation for Children dba: Vetri Community Partnership (a nonprofit organization), which comprise the statement of financial position as of August 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.

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 entity'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 entity'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.

Board of Directors
Vetri Foundation for Children
dba: Vetri Community Partnership

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vetri Foundation for Children dba: Vetri Community Partnership as of August 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 18, 2018

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2017**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	948,970
Grants and Contributions Receivable		155,053
Prepaid Expenses		10,531
Total Current Assets		1,114,554

PROPERTY AND EQUIPMENT, NET

178,314

OTHER ASSETS

Grants and Contributions Receivable, Net of Current Portion		591,371
Security Deposits and Other Assets		8,332
Total Other Assets		599,703

Total Assets		\$ 1,892,571
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current Portion of Note Payable	\$	10,996
Accounts Payable and Accrued Expenses		200,095
Total Current Liabilities		211,091

LONG-TERM LIABILITIES

Deferred Rent		5,225
Long-Term Debt, Net of Current Maturities		52,505
Total Liabilities		268,821

NET ASSETS

Unrestricted		593,261
Temporarily Restricted		1,030,489
Total Net Assets		1,623,750

Total Liabilities and Net Assets		\$ 1,892,571
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See accompanying Notes to Financial Statements.

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017**

	Unrestricted	Temporarily Restricted	Total
OPERATING REVENUE			
Grants and Contributions	\$ 791,084	\$ 1,321,895	\$ 2,112,979
Fee For Service	62,257		62,257
Special Event Revenue	495,637	-	495,637
Less: Costs of Direct Benefits to Donors	(183,444)	-	(183,444)
Net Revenues from Special Events	312,193	-	312,193
In-Kind Contributions	265,969	-	265,969
Other Income	2,359	-	2,359
Net Assets Released from Restrictions	581,538	(581,538)	-
Total Operating Revenue	2,015,400	740,357	2,755,757
EXPENDITURES			
Program Services	1,299,747	-	1,299,747
Management and General	228,532	-	228,532
Fundraising	298,406	-	298,406
Total Expenditures	1,826,685	-	1,826,685
CHANGE IN NET ASSETS	188,715	740,357	929,072
Net Assets - Beginning of Year	404,546	290,132	694,678
NET ASSETS - END OF YEAR	\$ 593,261	\$ 1,030,489	\$ 1,623,750

See accompanying Notes to Financial Statements.

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017**

	Program Services	Management and General	Fundraising	Total Expenditures	Costs of Direct Benefits to Donors	Total
Payroll and Payroll Taxes	\$ 720,920	\$ 101,954	\$ 159,559	\$ 982,433	\$ -	\$ 982,433
Payroll Benefits	63,944	9,964	13,798	87,706	-	87,706
Accounting Fees	-	13,875	-	13,875	-	13,875
Advertising	561	1,882	37	2,480	-	2,480
Bad Debt Expense	1,294	-	1,284	2,578	-	2,578
Contract Services	79,129	36,927	39,501	155,557	-	155,557
Credit Card Fees	11,263	532	8,503	20,298	-	20,298
Depreciation Expense	15,862	335	525	16,722	-	16,722
Food and Beverages	251	-	1,814	2,065	46,912	48,977
Grants and Contributions	165,095	1,760	-	166,855	-	166,855
Information Technology	17,471	7,073	9,417	33,961	-	33,961
Insurance	19,170	2,747	4,307	26,224	-	26,224
Interest	1,445	230	-	1,675	-	1,675
Occupancy	45,155	6,074	14,660	65,889	64,443	130,332
Office Expenses	40,787	4,285	14,952	60,024	-	60,024
Professional Services	9,990	39,478	-	49,468	-	49,468
Program Supplies and Equipment	69,271	189	6	69,466	-	69,466
Special Event Expenses	13,404	-	14,006	27,410	1,665	29,075
Travel	24,735	1,227	16,037	41,999	70,424	112,423
Total	\$ 1,299,747	\$ 228,532	\$ 298,406	\$ 1,826,685	\$ 183,444	\$ 2,010,129

See accompanying Notes to Financial Statements.

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 929,072
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	16,722
(Increase) Decrease in:	
Grants and Contributions Receivable	(662,419)
Prepaid Expenses	(933)
Security Deposits and Other Assets	3,030
Increase in:	
Accounts Payable and Accrued Expenses	(124,624)
Deferred Rent	494
Net Cash Provided by Operating Activities	161,342

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	(94,633)
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CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Long-Term Debt	67,339
Payments on Long-Term Debt	(3,838)
Net Cash Provided by Financing Activities	63,501

NET INCREASE IN CASH AND CASH EQUIVALENTS

130,210

Cash and Cash Equivalents - Beginning of Year

818,760

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 948,970

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During the Year for Interest	\$ 1,675
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**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Vetri Foundation for Children dba: Vetri Community Partnership (the Organization) is a Pennsylvania nonprofit organization which provides healthy eating initiatives in underserved schools and communities. It was founded in 2008 by Chef Marc Vetri and restaurateur Jeff Benjamin to empower children and families to lead healthy lives through fresh food, hands-on experiences, and education.

Poor eating habits are often passed down from generation to generation, particularly in low-income communities, and Vetri Community Partnership's mission is to break this cycle. Many children live on diets high in sugar and simple carbohydrates, the ingredients found in so many processed convenience foods. These foods are easy, cheap, and addictive. Fewer than 20% of adolescents aged 12 to 18 eat the recommended five or more servings of fruits and vegetables daily.

The result of poor nutrition and unhealthy eating habits?

- One out of three children in our country is overweight or obese.
- Overweight children are more likely to become overweight adults and to suffer from high cholesterol, high blood pressure, and Type 2 diabetes.
- Obesity-related diseases that stem from a diet of nonnutritious foods – diabetes, heart disease, and other health problems – cost Americans more than \$150 billion per year.

We know that good nutrition has a direct link to proper physical growth and development for kids. And it's essential to their ability to learn as well: the more fast-food students report eating, the lower their rate of academic improvement.

At Vetri Community Partnership, we are chefs, restaurant industry transplants, educators, and food lovers who understand that healthy food is better received when it's served in a delicious and dignified way. Our programs aren't prescriptive; they're experiential. When kids connect with real, whole food in the cafeteria, in the classroom, or in the kitchen and learn how affordable cooking healthy meals can be, they are inspired to make better decisions about their own health, influence their families, and become a voice for healthier choices in their communities.

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Operations (Continued)

Our unique solution:

- Eatiquette – Transforms the traditional cafeteria into an environment where children gather around round tables, pass plates of fresh, from-scratch food to one another, and experience positive social interaction.
- Vetri Cooking Lab – An out-of-school-time program that combines cooking, nutrition education, and STEAM (science, technology, engineering, arts, and math) core concepts to train a generation of educated food consumers.
- My Daughter's Kitchen – In partnership with The Philadelphia Inquirer, this eight-week after-school cooking program is volunteer taught and takes students from groceries in the bag to a family-style dinner on the table. Articles written by Maureen Fitzgerald appear in the paper weekly throughout the semester.
- Mobile Teaching Kitchen – This vehicle brings the culinary classroom to the curbside in the communities that we serve. Children and families have the opportunity to get hands-on preparing a recipe and get instruction on cooking healthy meals at home.

Our programs expose youth to:

- Fresh food – Eatiquette school lunches are made from scratch using fresh ingredients. Students eat family style to promote pro-social behavior and a healthy relationship with food. We introduce students to whole ingredients giving school chefs the opportunity to talk about where they come from and how they're grown.
- Hands-on experiences – We give students responsibility and encourage them to take ownership of our programs. In Eatiquette, table captains help set the table and serve food to their peers. Our culinary programs - such as My Daughter's Kitchen and Vetri Cooking Lab - involve students in every aspect of cooking, giving them a chance to learn life skills and practice kitchen safety and food preparation techniques. Our Mobile Teaching Kitchen partners with food-access organizations and provides hands-on lessons about how to create healthy, tasty meals from the food that is available in each neighborhood.
- Education – All of our programs promote healthy habits and emphasize the importance of nutritious food. We teach children what real food is, where they can get it, and how they can cook it for themselves on a budget.

The Organization's main sources of revenue include individual and corporate donations, grants, and revenue from events including our annual Great Chefs Event.

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Financial Statements

The accompanying financial statements are accounted for on the accrual method of accounting in accordance with generally accepted accounting principles in the United States of America.

Basis of Presentation

The Organization reports contributions as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any donor stipulations that limits its use. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

Temporarily Restricted Net Assets – Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – These are net assets subject to donor-imposed stipulations that are required to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investment for general or specific purposes. There are no permanently restricted net assets at year-end.

Use of 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments in traditional bank accounts, money market funds, and certificates of deposit with a maturity of three months or less when purchased to be cash equivalents. At times, cash in bank may exceed FDIC insurable limits.

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions Receivable

The Organization records grants and contributions receivable at the estimated present value of future cash flows, net of allowances, to include net realizable value based on management's analysis of specific grants. The Organization provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At August 31, 2017, the allowance for uncollectible accounts amount was not warranted.

Equipment and Depreciation

Equipment with an estimated useful life in excess of one year and in excess of \$2,500 is capitalized at cost if purchased and at fair market value if donated. The cost of equipment is depreciated over the estimated useful lives of the assets. Depreciation is computed on the straight-line method.

The useful lives of property and equipment for purposes of computing depreciation are:

Furniture and Equipment	3 to 10 Years
Vehicles	5 Years
Leasehold Improvement	3 Years

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) within the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as Net Assets Released from Restrictions.

Functional Allocation of Expenses

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

Income Taxes

The Organization is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization follows the income tax standard for uncertain tax positions. This standard had no impact on the Organization's financial statements.

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 18, 2018, the date the financial statements were available to be issued.

NOTE 2 GRANTS AND CONTRIBUTIONS RECEIVABLES

The Organization records grants and contributions when the contribution is made. During the year ended August 31, 2017, contributions were promised with multiple-year payment terms. These receivables were calculated at their present value using a discount rate of 2.58%.

Future maturities of these receivables as of August 31, 2017 are as follows:

Amount Due Within One Year	\$ 155,053
Amount Due Within One to Five Years	602,500
Total Grants and Contributions Receivable	<u>757,553</u>
Less: Discount to Net Present Value	11,129
Total Grants and Contributions Receivable	<u>746,424</u>
Grants and Contributions Receivable, Current Portion	<u>155,053</u>
Grants and Contributions Receivable, Net of Current Portion	<u><u>\$ 591,371</u></u>

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2017 is recorded at cost as follows:

Furniture and Equipment	\$ 29,534
Vehicles	152,330
Leasehold Improvements	15,545
Total	<u>197,409</u>
Less: Accumulated Depreciation	(19,095)
Total Property and Equipment	<u><u>\$ 178,314</u></u>

Depreciation expense for the year ended August 31, 2017 was \$16,722.

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 4 LINE OF CREDIT

At August 31, 2017, the organization maintained a \$100,000 line of credit with a financial institution. Outstanding amounts carried an interest rate of 7.05% and the line of credit was scheduled to mature on May 23, 2018. The line of credit was collateralized by all business assets. There was no outstanding balance on the line of credit as of August 31, 2017.

Subsequent to August 31, 2017, the Organization amended and restated the line of credit agreement. The available line of credit is now \$300,000, carries an interest rate on outstanding amounts equal to the daily LIBOR rate plus 2.5%, and is due to expire on December 28, 2018.

NOTE 5 LONG-TERM DEBT

On April 30, 2017, the Organization entered into a loan agreement for a vehicle for \$67,339 incurring interest at a fixed rate of 6.49%. The organization is required to pay 60 regular monthly payments of \$1,321. This note is secured by the vehicle and will mature in May 2022. The outstanding balance on this loan at August 31, 2017 was \$63,501.

Annual maturities of the long-term debt as of August 31, 2017, are as follows:

<u>Year Ending August 31.</u>	<u>Amount</u>
2018	\$ 10,996
2019	12,774
2020	13,641
2021	14,566
2022	11,524
Total	<u>\$ 63,501</u>

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at August 31, 2017 consisted of the following:

Restrictions Due to Purpose:	
My Daughter's Kitchen	\$ 62,818
Mobile Kitchen	40,447
Vetri Cooking Lab	433,964
Adopt-A-School	854
Total Restrictions Due to Purpose	<u>538,083</u>
Restrictions Due to Time	492,406
Total Temporarily Restricted Net Assets	<u>\$ 1,030,489</u>

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 7 OPERATING LEASES

The Organization leases office space and office equipment expiring in various years through 2021. Rent expense incurred under operating leases for the year ended August 31, 2017 was \$46,068.

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of August 31, 2017 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2018	\$ 56,081
2019	62,825
2020	62,180
2021	26,237
Total	<u>\$ 207,323</u>

NOTE 8 NONCASH CONTRIBUTIONS

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization recognized \$222,228 in donated items, which were donated in connection with the Organization's Great Chefs event. The Organization received donated legal services in the amount of \$5,917 for the year ended August 31, 2017. The Organization also received \$37,824 in donated labor costs from skilled volunteers involved in program delivery for the year ended August 31, 2017. The noncash contributions have been recorded as revenue and are also included as an expense in the statement of activities.

NOTE 9 RELATED PARTY TRANSACTIONS

Members of the board of directors also serve on the boards of other organizations which received grants from the Organization. These grants amounted to \$159,381 for the year ended August 31, 2017. The Organization also received contributions in the amount of \$6,487 for the year ended August 31, 2017 from various corporations in which three of the members of the Organization's board are shareholders and officers. The Organization used the services of an organization in which the CEO is a board member in the amount of \$1,400 to create GIS mapping project.

A board member of ESF Dream Camp is also a board member of the Organization and ESF Dream Camp hired the Organization to run various summer camp programs and paid the Organization \$40,380 during the year ended August 31, 2017.

**VETRI FOUNDATION FOR CHILDREN
DBA: VETRI COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 10 RETIREMENT PLAN

All eligible employees of the Organization participate in a 401(k) Safe Harbor Plan. Employee contributions are matched 100% up to the first 3% of the employees' compensation and 50% for the next 2% of the employees' compensation. Employer matched expense for the year ended August 31, 2017 was \$22,900.



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.