

CONSOLIDATED FINANCIAL STATEMENTS

**D.C. CENTRAL KITCHEN, INC.
AND AFFILIATE**

**FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2018**

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
D.C. Central Kitchen, Inc. and Affiliate
Washington, D.C.

We have audited the accompanying consolidated financial statements of D.C. Central Kitchen, Inc. and Affiliate (the Organizations), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of June 30, 2019, and the consolidated changes in their net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Organizations' 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position, Consolidating Schedule of Activities, and Consolidating Schedule of Change in Net Assets on pages 22 - 26 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



October 10, 2019

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,003,199	\$ 767,340
Investments	1,284,747	1,160,825
Accounts receivable, net of allowance for doubtful accounts of \$950 in 2019	606,307	522,746
Grants receivable	1,230,429	1,102,518
Inventory	66,051	68,850
Prepaid expenses	<u>152,046</u>	<u>162,716</u>
Total current assets	<u>4,342,779</u>	<u>3,784,995</u>
FIXED ASSETS		
Equipment	1,072,294	1,026,714
Vehicles	1,153,734	1,181,733
Leasehold improvements	<u>573,287</u>	<u>573,287</u>
	2,799,315	2,781,734
Less: Accumulated depreciation and amortization	<u>(2,193,402)</u>	<u>(1,996,864)</u>
Net fixed assets	<u>605,913</u>	<u>784,870</u>
OTHER ASSETS		
Security deposit	19,321	14,000
Investments, long-term	1,200,000	1,200,000
Grants receivable, net of current portion	<u>102,500</u>	<u>131,344</u>
Total other assets	<u>1,321,821</u>	<u>1,345,344</u>
TOTAL ASSETS	<u>\$ 6,270,513</u>	<u>\$ 5,915,209</u>

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Line of credit	\$ 825,000	\$ -
Notes payable	148,184	140,915
Accounts and grants payable	344,642	342,465
Accrued salaries and related benefits	591,257	595,128
Deferred revenue	23,600	-
Deferred rent	<u>10,274</u>	<u>3,952</u>
Total current liabilities	<u>1,942,957</u>	<u>1,082,460</u>
LONG-TERM LIABILITIES		
Notes payable, net of current portion	24,878	173,027
Deferred rent, net of current portion	<u>4,134</u>	<u>14,408</u>
Total long-term liabilities	<u>29,012</u>	<u>187,435</u>
Total liabilities	<u>1,971,969</u>	<u>1,269,895</u>
NET ASSETS		
Without donor restrictions:		
Board designated	1,200,000	1,200,000
Undesignated	<u>1,182,124</u>	<u>2,502,440</u>
Total unrestricted	2,382,124	3,702,440
With donor restrictions	<u>1,916,420</u>	<u>942,874</u>
Total net assets	<u>4,298,544</u>	<u>4,645,314</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,270,513</u>	<u>\$ 5,915,209</u>

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contracts	\$ 6,909,736	\$ -	\$ 6,909,736	\$ 7,500,471
Contributions	5,166,271	2,128,598	7,294,869	5,485,236
Contributed services and materials	1,006,706	-	1,006,706	1,759,473
Program service sales	1,038,369	-	1,038,369	887,080
Special events, net of expenses of \$136,080 in 2019	690,601	-	690,601	776,138
Government grants	532,250	-	532,250	618,045
Contributions - United Way	111,224	-	111,224	132,081
Interest and dividends, net of investments fees	58,537	-	58,537	171,489
Other revenue	62,136	-	62,136	68,027
Net assets released from donor restrictions	<u>1,105,052</u>	<u>(1,105,052)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>16,680,882</u>	<u>1,023,546</u>	<u>17,704,428</u>	<u>17,398,040</u>
EXPENSES				
Program Services:				
Community Meals	5,581,658	-	5,581,658	6,321,305
Healthy School Food	6,022,730	-	6,022,730	5,754,517
Culinary Job Training	1,594,725	-	1,594,725	1,380,154
The Campus Kitchens Project, Inc.	898,453	-	898,453	1,077,830
Healthy Corners	<u>1,287,819</u>	<u>-</u>	<u>1,287,819</u>	<u>763,536</u>
Total program services	<u>15,385,385</u>	<u>-</u>	<u>15,385,385</u>	<u>15,297,342</u>
Supporting Services:				
Development	1,110,495	-	1,110,495	1,102,723
Management and General	<u>1,595,019</u>	<u>-</u>	<u>1,595,019</u>	<u>1,294,698</u>
Total supporting services	<u>2,705,514</u>	<u>-</u>	<u>2,705,514</u>	<u>2,397,421</u>
Total expenses	<u>18,090,899</u>	<u>-</u>	<u>18,090,899</u>	<u>17,694,763</u>
Change in net assets before other items	(1,410,017)	1,023,546	(386,471)	(296,723)
OTHER ITEMS				
Realized and unrealized gain (loss) on investments	89,701	-	89,701	(80,584)
Deobligation of grants receivable	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Change in net assets	(1,320,316)	973,546	(346,770)	(377,307)
Net assets at beginning of year	<u>3,702,440</u>	<u>942,874</u>	<u>4,645,314</u>	<u>5,022,621</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,382,124</u>	<u>\$ 1,916,420</u>	<u>\$ 4,298,544</u>	<u>\$ 4,645,314</u>

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019			
	Program Services			
	Community Meals	Healthy School Food	Culinary Job Training	The Campus Kitchens Project, Inc.
Personnel expenses	\$ 3,080,876	\$ 3,277,738	\$ 997,769	\$ 444,510
Food and beverages - purchased	785,425	1,907,828	40,858	11,634
Food and beverages - donated	681,746	-	-	-
Professional services - purchased	37,398	7,920	102,812	56,842
Professional services - donated	-	-	-	-
Facilities space - purchased	36,315	203,618	20,000	2,909
Facilities space - donated	125,000	100,000	-	-
Depreciation and amortization	140,054	21,112	21,112	-
Insurance	95,677	14,006	14,006	9,000
Interest and bank fees	-	-	-	-
Kitchen costs	420,752	404,004	9,640	4,042
Program expenses	93	4,699	293,767	276,438
Meetings and conventions	7,577	2,374	16,156	14,638
Office expenses	67,308	20,489	52,262	10,948
Miscellaneous	-	-	-	-
Technology and communication	44,391	16,698	16,367	24,163
Travel expenses	5,922	1,652	9,976	43,329
Vehicle expenses	53,124	40,592	-	-
TOTAL	\$ 5,581,658	\$ 6,022,730	\$ 1,594,725	\$ 898,453

2018

Supporting Services						
Healthy Corners	Total Program Services	Development	Management and General	Total Supporting Services	Total Expenses	Total Expenses
\$ 598,802	\$ 8,399,695	\$ 863,712	\$ 1,051,481	\$ 1,915,193	\$ 10,314,888	\$ 9,523,474
233,455	2,979,200	144	285	429	2,979,629	3,007,114
-	681,746	-	-	-	681,746	1,318,355
9,115	214,087	95,432	156,951	252,383	466,470	379,872
-	-	-	74,960	74,960	74,960	48,675
70,000	332,842	-	-	-	332,842	307,746
-	225,000	-	25,000	25,000	250,000	392,443
21,112	203,390	11,111	10,035	21,146	224,536	228,432
14,006	146,695	-	4,671	4,671	151,366	137,364
-	-	27,860	90,005	117,865	117,865	84,090
29,766	868,204	975	-	975	869,179	805,863
203,215	778,212	-	-	-	778,212	555,166
444	41,189	6,880	4,866	11,746	52,935	82,462
55,888	206,895	56,404	31,634	88,038	294,933	303,172
-	-	-	72,632	72,632	72,632	75,994
18,325	119,944	37,738	58,551	96,289	216,233	191,288
3,691	64,570	10,239	13,948	24,187	88,757	84,090
30,000	123,716	-	-	-	123,716	169,163
\$ 1,287,819	\$ 15,385,385	\$ 1,110,495	\$ 1,595,019	\$ 2,705,514	\$ 18,090,899	\$ 17,694,763

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (346,770)	\$ (377,307)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	224,536	228,432
Realized and unrealized (gain) loss on investments	(89,701)	80,584
Deferred rent	(3,952)	2,186
Gain on disposal of fixed assets	(625)	(500)
Change in discount on non-current contributions and grants receivable	-	(12,681)
Change in allowance for doubtful accounts	(274)	(467)
Donated securities	(65,539)	(43,273)
(Increase) decrease in:		
Accounts receivable	(83,287)	127,068
Grants receivable	(99,067)	337,039
Inventory	2,799	(6,972)
Prepaid expenses	10,670	(43,019)
Security deposit	(5,321)	-
Increase (decrease) in:		
Accounts and grants payable	2,177	(564)
Accrued salaries and related benefits	(3,871)	(28,756)
Deferred revenue	<u>23,600</u>	<u>(2,041)</u>
Net cash (used) provided by operating activities	<u>(434,625)</u>	<u>259,729</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(45,579)	(273,793)
Proceeds from sale of fixed assets	625	500
Purchase of investments	(33,870)	(171,434)
Proceeds from sale of investments	<u>65,188</u>	<u>43,273</u>
Net cash used by investing activities	<u>(13,636)</u>	<u>(401,454)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(140,880)	(1,863,093)
Proceeds from notes payable	-	1,947,378
Drawings on line of credit	5,625,000	-
Payments on line of credit	<u>(4,800,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>684,120</u>	<u>84,285</u>
Net increase (decrease) in cash and cash equivalents	235,859	(57,440)
Cash and cash equivalents at beginning of year	<u>767,340</u>	<u>824,780</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,003,199</u>	<u>\$ 767,340</u>

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

SUPPLEMENTAL INFORMATION

Interest Paid	\$ <u>52,900</u>	\$ <u>19,066</u>
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SCHEDULE OF NONCASH INVESTING AND FINANCING
TRANSACTIONS

Donated Securities	\$ <u>462,167</u>	\$ <u>-</u>
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D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

D.C. Central Kitchen, Inc. (DCCK) was organized in the District of Columbia in 1988 as a not-for-profit organization for the purposes of fighting hunger and creating opportunity.

DCCK uses food as a tool to:

- **Strengthen Bodies**, by safely recovering unserved foods from area foodservice businesses to feed children and adults at partner agencies throughout the greater Washington area.
- **Empower Minds** by providing foodservice job training for unemployed men and women and community service opportunities for youth and adults.
- **Build Communities** by providing working examples, innovative solutions, and shared technology to a cooperative and effective national network of community kitchens.

Related Entity - Principles of Consolidation

In 2002, The Campus Kitchens Project, Inc. (CKP) was incorporated as an affiliated corporation under common control with DCCK. These consolidated financial statements include the accounts of DCCK and CKP (collectively “the Organizations”). Inter-company accounts and transactions have been eliminated as part of the consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) ASC 958-10, *Not-for-Profit Entities, Consolidation*, and FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. ASU 2016-14 was adopted during the year ended June 30, 2019 and applied retrospectively.

The consolidated 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Cash and cash equivalents -

The Organizations consider all cash and other highly liquid investments with initial maturities of three months or less, excluding money market funds held by investment managers in the amount of \$10,576 as of June 30, 2019, to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Organizations maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest and dividends are shown net of investment expenses provided by external investment advisors in the accompanying Consolidated Statement of Activities and Change in Net Assets. Investments acquired by gift are recorded at their fair value at the date of the gift.

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

Grants receivable

Grants receivable are recorded at their net realizable value, which approximates fair value. Management considers all grants receivable to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Deobligation of grants receivable -

Grantors to CKP reserve the right to terminate or suspend their grants under certain circumstances. During the year ended June 30, 2019, CKP had deobligations from a grantor totaling \$50,000. This amount is shown as a reduction in net assets with donor restrictions on the Consolidated Statement of Activities and Change in Net Assets.

Inventory -

Inventory consists of disposable serving supplies, raw food and cooking ingredients and is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

Fixed assets -

Fixed assets in excess of \$10,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally two to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses as incurred. Depreciation and amortization expense for the year ended June 30, 2019 totaled \$224,536.

Income taxes -

The Organizations are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Organizations are not private foundations.

During the year ended June 30, 2019, all of the "owned" Campus Kitchens were converted to "affiliate" models. Each of the owned Campus Kitchens was a single-member LLC owned entirely by CKP. The owned Campus Kitchens were treated as a "disregarded entity" for income tax purposes and, as such, their financial activity was reported in conjunction with the Federal tax filings of CKP.

Uncertain tax positions -

For the year ended June 30, 2019, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Grants to affiliates -

During the year ended June 30, 2019, CKP provided initial funding to Campus Kitchen affiliates in accordance with affiliate agreements. These grants are recorded as contributions made at the date the affiliation agreement is signed. The unpaid portion of these grants is reported as a liability at the end of the year. As of June 30, 2019, a total of \$10,000 was owed to one Campus Kitchens affiliate. Accordingly, the balance was included in accounts and grants payable in the accompanying consolidated statement of financial position.

Deferred revenue -

Deferred revenue consists of deferred sponsorship revenue and affiliate fees. The Organizations recognize affiliate fees on a pro-rata basis over the annual period. The Organizations recognize sponsorship revenue when the related event has occurred.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Contributions, grants and contracts -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Grant funding received in advance of incurring the related expenses is recorded as "net assets with donor restrictions".

The Organizations receive awards under grants and contracts from the U.S. government and other sources for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs.

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Contributions, grants and contracts (continued) -

Accordingly, such awards are recorded as revenue "without donor restrictions" to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. Grant funding received under grants and contracts from the U.S. government and other sources for direct and indirect program costs in advance of incurring the related expenses is recorded as refundable advances. Grants receivable represents amounts due from funding organizations in accordance with the terms and conditions outlined in grant agreements.

Contributed services and materials -

Contributed services and materials consist of office space, services and food. Contributed services and materials are recorded at their fair market value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to the Organizations; these donated services are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of The Organizations are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

The following are the major programs of the Organizations:

Community Meals: For the year ended June 30, 2019, DCCK recovered over 588,970 pounds of food that would otherwise have gone to waste. In conjunction with over 16,400 volunteers and culinary job training students, our staff used this food to create more than 1,299,031 meals for homeless shelters, transitional homes and social service agencies throughout the Washington metropolitan area. Agencies receiving meals include community and youth centers, children's after-school programs, senior centers, addiction recovery programs, English as a Second Language (ESL) and General Equivalency Diploma (GED) programs and halfway homes.

Healthy School Food: DCCK provides healthy breakfasts, lunches and suppers to twelve public schools and three private schools in Washington, D.C. This service aims to bring local, seasonable and sustainable cost-effective dining service to local schools that want to serve healthy, locally source meals to low-income student populations. In addition to promoting access to good nutrition, the program creates and sustains employment opportunities for at-risk men and women who have completed DCCK's Culinary Job Training program.

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Functional allocation of expenses (continued) -

Culinary Job Training: DCCK operates an intense, nationally recognized fourteen-week Culinary Job Training program for unemployed and/or formerly incarcerated men and women living in homeless shelters or receiving welfare benefits. The program offers comprehensive training in food preparation and sanitation in combination with job readiness and life skills training. For the year ended June 30, 2019, DCCK operated six such programs and graduated 95 students.

The Campus Kitchens Project, Inc.: CKP is a nationwide program that has opened, staffed, and supported DCCK-style community kitchens in university and high school settings. The pilot site of CKP at Saint Louis University was opened in October 2001. The project is a collaborative venture between CKP, the university dining contractor, and the university. Food is donated from campus dining facilities, re-prepared by student volunteers and then distributed, by students, to social service agencies and individuals located in the immediate community. At June 30, 2019, there were 68 Campus Kitchens Projects located around the country.

Healthy Corners: DCCK offers affordable wholesale delivery service for fresh produce and healthy snack items in communities where healthy retail options are scarce, known as 'food deserts. DCCK delivers nutritious options to 55 corner stores and other small retailers, primarily those located in the underserved neighborhoods of Wards 5, 7 and 8. In addition to offering these partner businesses new products for sale, we provide them with free infrastructure, nutrition education, marketing support, and technical assistance.

Investment risks and uncertainties -

The Organizations invest in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Fair value measurement -

The Organizations adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organizations account for a significant portion of their financial instruments at fair value or consider fair value in their measurement.

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncements (not yet adopted) (continued) -

The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organizations have not yet selected a transition method and are currently evaluating the effect that the updated standard will have on their financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The Organizations have not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organizations plan to adopt the new ASUs at the respective required implementation dates.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of June 30, 2018 as unrestricted net assets in the amount of \$3,702,440 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of \$942,874, are now classified as "net assets with donor restrictions".

2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organizations has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organizations have the ability to access.

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

2. INVESTMENTS (Continued)

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended June 30, 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds* - The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *U.S. Government securities* - Valued at the closing price reported in the active market in which the individual securities are traded.
- *Equity mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organizations are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Organizations are deemed to be actively traded.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2019.

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 10,576	\$ -	\$ -	\$ 10,576
Common stocks	16,497	-	-	16,497
Government bonds	496,255	-	-	496,255
Equity mutual funds	1,901,396	-	-	1,901,396
Certificates of deposit	<u>-</u>	<u>60,023</u>	<u>-</u>	<u>60,023</u>
TOTAL	<u>\$ 2,424,724</u>	<u>\$ 60,023</u>	<u>\$ -</u>	<u>\$ 2,484,747</u>

Included in investment income are the following:

Interest and dividends	\$ 58,717
Realized and unrealized gain	89,701
Less: management fees	<u>(179)</u>
TOTAL INVESTMENT INCOME	<u>\$ 148,239</u>

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

3. GRANTS RECEIVABLE

As of June 30, 2019, grantors to the Organizations had made written promises to give, of which \$1,332,929 remained due and outstanding. Following is a schedule of amounts due, by year, as of June 30, 2019:

Receivable due in less than one-year	\$ 1,230,429
Receivable due in one to five years	<u>102,500</u>
Total	1,332,929
Less: Current portion	<u>(102,500)</u>
CONTRIBUTIONS AND GRANTS RECEIVABLE, NET OF CURRENT PORTION	<u>\$ 1,230,429</u>

4. NOTES PAYABLE

On July 14, 2015, DCCK borrowed \$185,000 from RSF Social Investment Fund. On June 30, 2016, the loan principal was increased to \$291,786, extending the maturity date to August 1, 2020. On August 28, 2017, DCCK borrowed another \$197,379 from the same financial institution, maturing on September 1, 2020. The annual interest rate of the notes are 5%. The notes are secured by DCCK's vehicles. As of June 30, 2019, the outstanding principal of the notes payable aggregated to \$173,062.

Principal payments are due as follows:

Year Ending June 30,

2020	\$ 148,184
2021	<u>24,878</u>
	<u>\$ 173,062</u>

For the year ended June 30, 2019, interest expense totaled \$12,677, and is included in interest and bank fees on the accompanying Consolidated Statement of Functional Expenses.

The loan agreements contain various covenants, which among other things, place restrictions on the the Organizations' ability to incur additional indebtedness.

5. LINE OF CREDIT

DCCK maintains a \$1,750,000 bank line of credit which matures March 1, 2020. Amounts borrowed under this agreement bear interest at the bank's prime rate (5.50% at June 30, 2019) plus 1.5% . The line is secured by inventory, receivables and equipment. As of June 30, 2019, the outstanding balance on the line of credit was \$825,000.

For the year ended June 30, 2019, interest expense was \$40,223, and is included in interest and bank fees in the accompanying Consolidated Statement of Functional Expenses.

The line of credit agreement contain various covenants, which among other things, place restrictions on DCCK's ability to incur additional indebtedness without prior written consent.

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

6. BOARD DESIGNATED NET ASSETS

As of June 30, 2019, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

Operating Reserve	<u>\$ 1,200,000</u>
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7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019:

Culinary Job Training	\$ 840,000
Development	50,000
Capital Campaign	<u>1,026,420</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,916,420</u>
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The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Community Meals	\$ 200,000
Culinary Job Training	467,178
The Campus Kitchens Project, Inc.	337,874
Healthy Corners	50,000
Development	<u>50,000</u>

NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,105,052</u>
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8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 1,003,199
Investments	1,284,747
Accounts receivable	606,307
Grants receivable	<u>1,230,429</u>

Subtotal financial assets available within one year	4,124,682
Less: Donor restricted funds	(1,916,420)
Less: Board designated funds	<u>(1,200,000)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,008,262</u>
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The Organizations have a policy to structure their financial assets to be available and liquid as their obligations become due. As of June 30, 2019, the Organizations has financial assets equal to approximately one month of operating expenses. In addition, DCKK has a line of credit agreement (as further discussed in Note 5) which allows for additional available borrowings up to \$1,750,000.

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

9. CONTRIBUTED SERVICES AND MATERIALS

During the year ended June 30, 2019, the Organizations were the beneficiary of donated services and materials which allowed the Organizations to provide greater resources toward various programs. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended June 30, 2019:

Donated food and beverage	\$ 681,746
Donated rent	250,000
Donated professional services	<u>74,960</u>
TOTAL CONTRIBUTED SERVICES AND MATERIALS	<u>\$ 1,006,706</u>

- DCCK received approximately 60,000 hours of volunteer services for the year ended June 30, 2019. These services are primarily related to food preparation. At \$25.43 per hour, this amounts to \$1,525,800 of additional contributions and program service expenses to the Food Recycling and Meal Distribution Program. The value of the time donated is not reflected in the consolidated financial statements since the services do not meet the criteria for recognition. This hourly rate is the average estimated values per hour of volunteer time for the District of Columbia (for DCCK) and the United States (for CKP) as determined by Independent Sector, http://www.independentsector.org/volunteer_time.
- The value of goods and services donated to CKP in during the year ended June 30, 2019 was zero, due to the transition of owned models to affiliates during the fiscal year.

The following programs and supporting services have benefited from these donated services for the year ended June 30, 2019:

Community Meals	\$ 806,746
Healthy School Food	100,000
Management and General	<u>99,960</u>
TOTAL	<u>\$ 1,006,706</u>

10. LEASE COMMITMENTS

During the year ended June 30, 2019, the Organizations leased space in Washington, D.C., under a lease agreement which originated in November 2010 and was extended in 2015 for an additional five years. Base rent is \$194,758 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year. DCCK had in the past received donated rent for any Campus Kitchens that were owned and operated by the Campus Kitchen Project.

In February 2019, DCCK entered into a sublease for office space in Washington, D.C. The lease will expire at the end of October 2020. Base rent is \$5,320 per month, increasing to \$5,333 per month.

During the year ended June 30, 2019, DCCK entered into an additional sublease for space in Washington, D.C. The sublease commenced on April 1, 2019 and will continue for ten years. Under this sublease, the Organizations are only required to pay its proportionate share of the lessor's operating expenses. Accordingly, management is unable to calculate the future minimum lease payments under this sublease.

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

10. LEASE COMMITMENTS (Continued)

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Consolidated Statement of Financial Position.

The following is a schedule of the future minimum lease payments:

Year Ending June 30,

2020	\$ 281,772
2021	<u>95,201</u>
	<u>\$ 376,973</u>

Rent expense for the year ended June 30, 2019 was \$277,671, and is included in purchased facilities space on the accompanying Consolidated Statement of Functional Expenses. For the year ended June 30, 2019, the deferred rent liability aggregated to \$14,408.

11. RETIREMENT PLAN

The Organizations provide a Safe Harbor 401(k) retirement plan for all employees. Employees are eligible to participate in the Plan after six full months of employment. The Organizations use the Basic Match: 100% of the first 3% of pay that is deferred; and 50% of the next 2 % of pay. For the year ended June 30, 2019, contributions to the Plan totaled \$202,168. Accordingly, this amount is included in personnel expenses in the Consolidated Statement of Functional Expenses.

12. CONCENTRATION OF REVENUE

Approximately 45% of the Organizations' grant revenue for the year ended June 30, 2019, was derived from awards with the United States Government. The Organizations have no reason to believe that relationship with the United States Government will be discontinued in the foreseeable future. However, any interruption of this relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organizations' ability to finance ongoing operations.

13. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through October 10, 2019, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2019

ASSETS			
	DCCK	CKP	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 632,451	\$ 370,748	\$ 1,003,199
Investments	1,284,747	-	1,284,747
Accounts receivable, net of allowance for doubtful accounts	606,307	-	606,307
Grants receivable	1,024,085	206,344	1,230,429
Inventory	66,051	-	66,051
Prepaid expenses	147,705	4,341	152,046
Total current assets	3,761,346	581,433	4,342,779
FIXED ASSETS			
Equipment	1,045,123	27,171	1,072,294
Vehicles	1,153,734	-	1,153,734
Leasehold improvements	573,287	-	573,287
	2,772,144	27,171	2,799,315
Less: Accumulated depreciation and amortization	(2,166,231)	(27,171)	(2,193,402)
Net fixed assets	605,913	-	605,913
OTHER ASSETS			
Security deposit	19,321	-	19,321
Investments, long-term	1,200,000	-	1,200,000
Grants receivable, net of current portion	102,500	-	102,500
Total other assets	1,321,821	-	1,321,821
TOTAL ASSETS	\$ 5,689,080	\$ 581,433	\$ 6,270,513

LIABILITIES AND NET ASSETS

	<u>DCCK</u>	<u>CKP</u>	<u>Total</u>
CURRENT LIABILITIES			
Line of credit	\$ 825,000	\$ -	\$ 825,000
Notes payable	148,184	-	148,184
Accounts and grants payable	307,440	37,202	344,642
Accrued salaries and related benefits	572,577	18,680	591,257
Deferred revenue	20,000	3,600	23,600
Deferred rent	<u>10,274</u>	<u>-</u>	<u>10,274</u>
Total current liabilities	<u>1,883,475</u>	<u>59,482</u>	<u>1,942,957</u>
LONG-TERM LIABILITIES			
Notes payable, net of current portion	24,878	-	24,878
Deferred rent, net of current portion	<u>4,134</u>	<u>-</u>	<u>4,134</u>
Total long-term liabilities	<u>29,012</u>	<u>-</u>	<u>29,012</u>
Total liabilities	<u>1,912,487</u>	<u>59,482</u>	<u>1,971,969</u>
NET ASSETS			
Without donor restrictions:			
Board designated	1,200,000	-	1,200,000
Undesignated	<u>660,173</u>	<u>521,951</u>	<u>1,182,124</u>
Total without donor restrictions	1,860,173	521,951	2,382,124
With donor restrictions	<u>1,916,420</u>	<u>-</u>	<u>1,916,420</u>
Total net assets	<u>3,776,593</u>	<u>521,951</u>	<u>4,298,544</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,689,080</u>	<u>\$ 581,433</u>	<u>\$ 6,270,513</u>

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>DCCK</u>	<u>CKP</u>	<u>Eliminations</u>	<u>Total</u>
WITHOUT DONOR RESTRICTIONS				
REVENUE AND SUPPORT				
Contracts	\$ 6,909,736	\$ -	\$ -	\$ 6,909,736
Contributions	4,754,985	411,286	-	5,166,271
Contributed services and materials	1,006,706	-	-	1,006,706
Program service sales	1,038,369	-	-	1,038,369
Special events, net of expenses of \$136,080	690,601	-	-	690,601
Government grants	532,250	-	-	532,250
Contributions - United Way	110,887	337	-	111,224
Interest and dividends, net of investment fees	45,359	13,178	-	58,537
Other revenue	9,084	53,052	-	62,136
Net assets released from donor restrictions	<u>767,177</u>	<u>337,875</u>	<u>-</u>	<u>1,105,052</u>
Total without donor restrictions revenue and support	<u>15,865,154</u>	<u>815,728</u>	<u>-</u>	<u>16,680,882</u>
EXPENSES				
Program Services:				
Community Meals	5,581,658	-	-	5,581,658
Healthy School Food	6,022,730	-	-	6,022,730
Culinary Job Training	1,594,725	-	-	1,594,725
The Campus Kitchens Project, Inc.	-	898,453	-	898,453
Healthy Corners	<u>1,287,819</u>	<u>-</u>	<u>-</u>	<u>1,287,819</u>
Total program services	<u>14,486,932</u>	<u>898,453</u>	<u>-</u>	<u>15,385,385</u>
Supporting Services:				
Development	1,071,591	38,904	-	1,110,495
Management and General	<u>1,449,825</u>	<u>145,194</u>	<u>-</u>	<u>1,595,019</u>
Total supporting services	<u>2,521,416</u>	<u>184,098</u>	<u>-</u>	<u>2,705,514</u>
Total expenses	<u>17,008,348</u>	<u>1,082,551</u>	<u>-</u>	<u>18,090,899</u>
Change in net assets without donor restrictions before other item	(1,143,194)	(266,823)	-	(1,410,017)
OTHER ITEM				
Realized and unrealized gain on investments	<u>89,701</u>	<u>-</u>	<u>-</u>	<u>89,701</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ (1,053,493)</u>	<u>\$ (266,823)</u>	<u>\$ -</u>	<u>\$ (1,320,316)</u>

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>DCCK</u>	<u>CKP</u>	<u>Eliminations</u>	<u>Total</u>
WITH DONOR RESTRICTIONS REVENUE AND SUPPORT				
Contributions	\$ 2,103,598	\$ 25,000	\$ -	\$ 2,128,598
Net assets released from donor restrictions	(767,177)	(337,875)	-	(1,105,052)
Deobligation of grants receivable	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,336,421</u>	<u>\$ (362,875)</u>	<u>\$ -</u>	<u>\$ 973,546</u>

D.C. CENTRAL KITCHEN, INC. AND AFFILIATE

CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>DCCK</u>	<u>CKP</u>	<u>Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS			
Net assets at beginning of year	\$ 2,913,666	\$ 788,774	\$ 3,702,440
Change in net assets without donor restrictions	<u>(1,053,493)</u>	<u>(266,823)</u>	<u>(1,320,316)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 1,860,173</u>	<u>\$ 521,951</u>	<u>\$ 2,382,124</u>
NET ASSETS WITH DONOR RESTRICTIONS			
Net assets at beginning of year	\$ 579,999	\$ 362,875	\$ 942,874
Change in net assets with donor restrictions	<u>1,336,421</u>	<u>(362,875)</u>	<u>973,546</u>
NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 1,916,420</u>	<u>\$ -</u>	<u>\$ 1,916,420</u>