

***THE CERES COMMUNITY PROJECT***  
***(A Nonprofit Public Benefit Corporation)***

***FINANCIAL STATEMENTS***  
***and Supplemental Information***

***December 31, 2013 and 2012***

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*Carolyn A. Mayes, CPA*  
*Auditing and Consulting Services*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Ceres Community Project  
Sebastopol, California

I have audited the accompanying financial statements of The Ceres Community Project (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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 the 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**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ceres Community Project as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Carolyn A. Mayes, CPA*  
*Auditing and Consulting Services*

**Other Matters**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Expenses - Including the Fair Value of Non-Professional Volunteer Services for the years ended December 31, 2013 and 2012 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Carolyn A Mayes, CPA*

Sebastopol, California  
April 8, 2014

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**

**Statements of Financial Position**  
**December 31, 2013 and 2012**

	December 31,	
	2013	2012
Cash	\$ 367,777	\$ 178,204
Accounts Receivable	37,195	24,215
Other Current Assets	12,368	22,220
<b>TOTAL CURRENT ASSETS</b>	<b>417,340</b>	<b>224,639</b>
Property and Equipment, net	1,026,947	1,030,834
<b>TOTAL ASSETS</b>	<b>\$ 1,444,287</b>	<b>\$ 1,255,473</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable	14,623	2,539
Accrued Paid Time Off	17,246	9,435
Other Current Liabilities	8,536	3,689
Current Portion of Long-term Debt	9,000	7,400
<b>TOTAL CURRENT LIABILITIES</b>	<b>49,405</b>	<b>23,063</b>
Long-term Debt	328,765	331,334
<b>TOTAL LIABILITIES</b>	<b>378,170</b>	<b>354,397</b>
<b>NET ASSETS</b>		
Unrestricted	884,389	852,861
Temporarily restricted	181,728	48,215
<b>TOTAL NET ASSETS</b>	<b>1,066,117</b>	<b>901,076</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,444,287</b>	<b>\$ 1,255,473</b>

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**

**Statement of Activities**  
**For the Year Ended December 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT:</b>			
Contributions:			
General Contributions	\$ 369,339	\$ 160,558	\$ 529,897
Foundation Grants	191,867	86,899	278,766
In-Kind Contributions	199,196	-	199,196
Government Grants	140,182	-	140,182
Community Outreach Revenues	38,987	-	38,987
Sales of Food Products	82,354	-	82,354
Special Events	179,398	-	179,398
Affiliate Training Fees	3,000	-	3,000
Net Assets Released From Restrictions:	113,944	(113,944)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>1,318,267</u>	<u>133,513</u>	<u>1,451,780</u>
<b>EXPENSES:</b>			
Program Services:			
Meal Program-Sebastopol	690,035	-	690,035
Meal Program-Marin County	83,254	-	83,254
Meal Program-Sonoma Valley	20,867	-	20,867
Community Outreach and Education	83,842	-	83,842
Food Sales and Catering	23,105	-	23,105
National Program	41,328	-	41,328
Total Program Services	<u>942,431</u>	<u>-</u>	<u>942,431</u>
Supporting Services:			
General & Administrative	158,894	-	158,894
Fundraising	185,414	-	185,414
Total Supporting Services	<u>344,308</u>	<u>-</u>	<u>344,308</u>
<b>TOTAL EXPENSES</b>	<u>1,286,739</u>	<u>-</u>	<u>1,286,739</u>
<b>CHANGE IN NET ASSETS</b>	31,528	133,513	165,041
<b>NET ASSETS, BEGINNING</b>	<u>852,861</u>	<u>48,215</u>	<u>901,076</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 884,389</u>	<u>\$ 181,728</u>	<u>\$1,066,117</u>

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**

**Statement of Activities**  
**For the Year Ended December 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT:</b>			
Contributions:			
General Contributions	\$272,298	\$72,523	\$344,821
Foundation Grants	86,500	10,900	97,400
In-Kind Contributions	25,530	-	25,530
Government Grants	103,212	-	103,212
Community Outreach Revenues	47,783	-	47,783
Sales of Food Products	50,979	-	50,979
Special Events	146,821	-	146,821
Net Assets Released From Restrictions:	<u>77,444</u>	<u>(77,444)</u>	<u>-</u>
 <b>TOTAL REVENUES AND SUPPORT</b>	 <u>810,567</u>	 <u>5,979</u>	 <u>816,546</u>
 <b>EXPENSES:</b>			
Program Services:			
Meal Program-Sebastopol	318,543	-	318,543
Meal Program-Marin County	34,408	-	34,408
Community Outreach and Education	157,355	-	157,355
Food Sales and Catering	<u>27,043</u>	<u>-</u>	<u>27,043</u>
Total Program Services	<u>537,349</u>	<u>-</u>	<u>537,349</u>
Supporting Services:			
General & Administrative	88,345	-	88,345
Fundraising	<u>142,866</u>	<u>-</u>	<u>142,866</u>
Total Supporting Services	<u>231,211</u>	<u>-</u>	<u>231,211</u>
 <b>TOTAL EXPENSES</b>	 <u>768,560</u>	 <u>-</u>	 <u>768,560</u>
 CHANGE IN NET ASSETS	 42,007	 5,979	 47,986
NET ASSETS, BEGINNING	<u>810,854</u>	<u>42,236</u>	<u>853,090</u>
 NET ASSETS, END OF YEAR	 <u>\$852,861</u>	 <u>\$48,215</u>	 <u>\$901,076</u>

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**

**Statements of Cash Flows**

**For the Years Ended December 31, 2013 and 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 165,041	\$ 47,986
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	30,940	25,220
(Increase) Decrease in current assets:		
Accounts receivable	(12,980)	(21,486)
Other Current Assets	9,852	(12,818)
Increase (Decrease) in current liabilities:		
Accounts payable	12,084	(24,435)
Accrued paid time off	7,811	(870)
Other current liabilities	4,847	(167)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>217,595</b>	<b>13,430</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of building improvements	(3,035)	(30,365)
Purchase of equipment and software	(24,018)	(28,265)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(27,053)</b>	<b>(58,630)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	7,000	75,164
Repayments of note payable	(7,969)	(101,830)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(969)</b>	<b>(26,666)</b>
<b>CHANGE IN CASH</b>	<b>189,573</b>	<b>(71,866)</b>
CASH, Beginning of Year	178,204	250,070
CASH, End of Year	\$ 367,777	\$ 178,204



**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2013**

	Program Expenses						Total Programs
	Sebastopol	Meal Programs Marin Co.	Sonoma V.	Community Outreach	Food Sales	National Program	
<b>EXPENSES</b>							
Compensation Expenses:							
Salaries and Wages	\$ 292,612	\$ 21,438	\$ 8,987	\$ 39,144	\$ -	\$26,249	\$ 388,430
Payroll Tax Expenses	26,312	1,865	995	3,407	-	2,336	34,915
Employee Benefits	22,367	1,536	38	4,219	-	1,298	29,458
<b>Total Compensation Expenses</b>	<b>341,291</b>	<b>24,839</b>	<b>10,020</b>	<b>46,770</b>	<b>-</b>	<b>29,883</b>	<b>452,803</b>
Food	163,005	21,557	2,332	13	15	4	186,926
Professional Fees	77,229	11,328		1,389		8,633	98,579
Depreciation	28,237					253	28,490
Facilities and Equipment Expenses	27,432	1,512	750	169		221	30,084
Supplies	15,398	6,022	2,347	404	137	1,208	25,516
Marketing and Promotion	833	1,167	205	25,364		20	27,589
Outside Services	4,791	304				999	6,094
Catering Expenses	176			(160)	12,447		12,463
Special Event		5,755					5,755
Garden Expenses	23,078						23,078
Cookbook Costs				7,378			7,378
Rent	6,758	9,450	5,000				21,208
Development and Travel	4,797	116	31	161	33	107	5,245
Interest Expense							-
Insurance	5,546						5,546
Postage and Shipping	300	1,001	83	2,004	17		3,405
Licenses and Fees	1,136						1,136
General Expenses	432	126	32	300			890
Banking and Processing Fees		77	67	50	52		246
Meal Service Allocation	(10,404)				10,404		-
<b>TOTAL EXPENSES</b>	<b>\$ 690,035</b>	<b>\$83,254</b>	<b>\$20,867</b>	<b>\$83,842</b>	<b>\$ 23,105</b>	<b>\$ 41,328</b>	<b>\$ 942,431</b>

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Statement of Functional Expenses (Continued)**  
**For the Year Ended December 31, 2013**

	General & Administrative	Fundraising	Total
<b>EXPENSES</b>			
Compensation Expenses:			
Salaries and Wages	\$ 82,988	\$ 95,116	\$566,534
Payroll Tax Expenses	6,926	8,999	50,840
Employee Benefits	9,387	4,081	42,926
Total Compensation Expenses	99,301	108,196	660,300
Food	495	2,499	189,920
Professional Fees	21,119	22,999	142,697
Depreciation	647	1,803	30,940
Facilities and Equipment Expenses	3,055	2,203	35,342
Supplies	3,196	3,856	32,568
Marketing and Promotion		8,522	36,111
Outside Services	1,715	6,043	13,852
Catering Expenses		145	12,608
Special Event		17,704	23,459
Garden Expenses		33	23,111
Cookbook Costs			7,378
Rent	4,399	330	25,937
Development and Travel	837	436	6,518
Interest Expense	19,349		19,349
Insurance	2,327	682	8,555
Postage and Shipping	143	2,110	5,658
Licenses and Fees	230	670	2,036
General Expenses	1,271	590	2,751
Banking and Processing Fees	810	6,593	7,649
Meal Service Allocation			-
<b>TOTAL EXPENSES</b>	<b>\$ 158,894</b>	<b>\$ 185,414</b>	<b>\$1,286,739</b>

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Statement of Functional Expenses (Continued)**  
**For the Year Ended December 31, 2012**

	Program Expenses					Supporting Expenses			
	Meal Programs		Educational	Meal	Total	General &		Total	
	Sonoma Co.	Marin Co.	Outreach	Services		Garden	Administrative		Fundraising
<b>EXPENSES</b>									
Compensation Expenses:									
Salaries and Wages	\$ 153,735		\$ 84,192		\$17,776	\$ 255,703	\$ 43,182	\$ 82,797	\$381,682
Payroll Tax Expenses	14,829		7,837		1,724	24,390	3,838	7,884	36,112
Employee Benefits	5,077		2,480			7,557	1,582	2,716	11,855
Total Compensation Expenses	173,641	-	94,509	-	19,500	287,650	48,602	93,397	429,649
Food, Containers, Cookbooks	82,204	8,445	11,753	1,396	71	103,866	85	2,906	106,857
Professional Fees		11,832	11,235			23,067	5,200	6,000	34,267
Depreciation	17,959		4,771			22,730	1,245	1,245	25,220
Advertising and Promotion	1,207	915	13,640		28	15,790	210	8,993	24,993
Supplies	6,637	2,365	4,301	14	36	13,353	8,146	3,047	24,546
Repairs and Maintenance	6,393		3,485		733	10,611	5,406	3,389	19,406
Utilities, Telephone, Janitorial	8,151		3,796			11,947	2,381	1,881	16,209
Outside Services	8,511			1,516		10,027	2,127	3,247	15,401
Special Event			4,185			4,185		10,172	14,357
Garden Expenses					13,687	13,687			13,687
Rent		10,375				10,375			10,375
Bank and Processing Fees		6	524			530	3,412	5,019	8,961
Interest Expense						-	6,591		6,591
Insurance	1,411		641			2,052	3,791	256	6,099
Postage and Shipping	471	470	1,170			2,111	487	2,171	4,769
Education and Travel	878		2,749			3,627	10	658	4,295
Other Expenses	1,054		596	91		1,741	652	485	2,878
Meal Service Allocation	(24,029)			24,029		-	-		-
<b>TOTAL EXPENSES</b>	<b>\$284,488</b>	<b>\$34,408</b>	<b>\$157,355</b>	<b>\$27,043</b>	<b>\$34,055</b>	<b>\$537,349</b>	<b>\$88,345</b>	<b>\$142,866</b>	<b>\$768,560</b>

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**

**Notes to Financial Statements**  
**December 31, 2013 and 2012**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Ceres Community Project (the Organization) is a non-profit public benefit corporation which was incorporated in the State of California in 2008. The Organization’s administrative offices and primary community kitchen are located in Sebastopol, California. Additional community kitchens are located in Sonoma Valley and Marin County, California.

The Organization’s mission is three-fold: (1) to provide those facing cancer and other life-threatening illnesses with nourishing whole foods meals that can support their healing, (2) to teach teens how to cook and eat for health and to develop them as future leaders committed to making a difference in their communities, and (3) to educate the general public about the vital link between what we eat and our health.

In the year ended December 31, 2013, the Organization added a kitchen location in Sonoma Valley, California which increased its number of kitchens from two to three. The organization delivered meals from these kitchen locations to client families struggling with life-threatening illnesses. The teen leadership programs in Sonoma and Marin counties engaged in service learning in organic food nutrition and preparation. The teens in Sebastopol also engaged in service learning in organic food gardening. In addition, the Organization conducted educational programs on health and healing foods.

Basis of Accounting – The financial statements of the Organization have been prepared under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Revenue Recognition for Contributions – Contributions primarily consist of cash and in-kind donations and are recognized as support on the date of donation. Sales of cookbooks and promotional products are recognized as unrestricted revenue upon delivery.

Contributions of cash and other assets with donor stipulations that limit the use of the donated asset are reported as an increase in temporarily or permanently restricted net assets. Upon accomplishment of a donor’s intended purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Assets and Services – Donated assets and professional services are recorded at fair market value on the date of donation. Professional services include donated services from financial and organizational consultants, landscapers, chefs, licensed social workers, and educators. The fair value of these non-professional services has been determined by management using the U.S. Department of Labor’s Occupational Employment Statistics for each relevant job classification in the Santa Rosa/Petaluma area.

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**

**Notes to Financial Statements**  
**December 31, 2013 and 2012**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

In the years ended December 31, 2013 and 2012, the Organization received in-kind donations of food and professional services as follows which have been included in the financial statements as in-kind contribution revenues and expenses:

	2013	2012
Food	\$82,296	\$25,530
Use of Land for Garden	18,000	-
Use of Satellite Kitchen	5,000	-
Professional Services	93,900	-
	\$199,196	\$25,530

Non-Professional Donated Services – The Organization has many volunteers who donate their non-professional services towards programs and support. The value of these non-professional services is not reflected in these financial statements. In the year ended December 31, 2013, 446 adult volunteers donated 20,119 hours of non-professional service and 418 teens donated 16,675 hours. In the year ended December 31, 2012, 380 adult volunteers donated 16,643 hours of service and 319 teens donated 12,092 hours.

The fair value of these non-professional services has been determined by management using the U.S. Department of Labor’s Occupational Employment Statistics for the Santa Rosa/Petaluma area, plus benefits and taxes estimated at 16% and 12% of compensation in the years ended December 31, 2013 and 2012, respectively.

The total fair value of these contributed services in the year ended December 31, 2013 is estimated as follows:

	Number of Hours Contributed	Fair Value Per Hour of Service	Total Fair Value of Services
Adult Volunteers	20,119	\$26.36	\$550,449
Teen Volunteers	16,675	\$9.28	\$154,744
Totals	36,794		\$705,193

The total fair value of these contributed services in the year ended December 31, 2012 is estimated as follows:

	Number of Hours Contributed	Fair Value Per Hour of Service	Total Fair Value of Services
Adult Volunteers	16,643	\$26.57	\$442,145
Teen Volunteers	12,092	\$8.96	\$108,343
Totals	28,735		\$550,488

**THE CERES COMMUNITY PROJECT**  
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**Notes to Financial Statements**  
**December 31, 2013 and 2012**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue Recognition for CDFA Government Grant – The organization receives revenues under a specialty crop block grant from the California Department of Food and Agriculture for reimbursable allowable costs for the period October 1, 2011 – September 30, 2014. The grant revenue for the cost reimbursement agreement with the California Department of Food and Agriculture is recognized as revenue in the period in which the costs are expended. The maximum costs which can be reimbursed under this grant are \$348,083. As of December 31, 2013, the organization has recognized revenues totaling \$239,645 for reimbursable costs relating to this grant.

Amounts received and expended by the Organization under the government grant program are subject to audit by government agencies. In the year ended December 31, 2013, the organization was audited by the California Department of Food and Agriculture for costs expended through September 30, 2013. A revision to reallocate budgeted expenditures was approved by the CDFA as a result of the audit. In the opinion of management, an audit adjustment, if any, will not have a significant effect on the financial position of the Organization.

Functional Expenses – Expenses are primarily charged directly to program or supporting service categories based on specific identification, actual time and building usage allocation methods.

Cash – Cash primarily consists of deposits held on demand at a bank. Cash did not exceed the federally insured limit of \$250,000 as of December 31, 2013 and 2012.

Accounts Receivable – Accounts receivable primarily consist of grant revenues invoiced to the State of California for reimbursable program service expenses and are stated at the amount management expects to collect from outstanding balances. Management believes the amounts receivable are fully collectible and has not established an allowance for doubtful accounts.

Property and Equipment – Property and equipment is stated at cost or at estimated fair market value at date of donation. The Organization capitalizes property and equipment at a cost or fair market value greater or equal to \$1,000. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building Improvements	20 - 40
Kitchen Equipment	10 - 12
Computer and Office Equipment	5

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**

**Notes to Financial Statements**  
**December 31, 2013 and 2012**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the period. Accordingly, actual results may differ from these estimates.

Reclassifications – Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Income Taxes – The Ceres Community Project is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The Internal Revenue Service has determined that The Ceres Community Project is an organization described in Sections 509(a)(1) and 170(b)(1)(A)(i) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service and state taxing authorities. The Organization's evaluation on December 31, 2013 and 2012, revealed no tax positions that would have a material impact on the financial statements.

The Organization is subject to routine audits for three years after the later of the due date or filing date of its federal informational and income tax returns and for four years for its California returns; however, there are currently no audits for any tax periods in progress.

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**

**Notes to Financial Statements**  
**December 31, 2013 and 2012**

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Land	\$265,400	\$265,400
Building Improvements	707,631	704,596
Kitchen and Office Equipment	89,351	56,889
Computer Software	<u>25,336</u>	<u>19,208</u>
Total Property and Equipment	1,087,718	1,060,665
Less Accumulated Depreciation	<u>(60,771)</u>	<u>(29,831)</u>
Property and Equipment, net	<u><u>\$1,026,947</u></u>	<u><u>\$1,030,834</u></u>

Depreciation expense for property and equipment in the years ended December 31, 2013 and 2012 totaled \$30,940 and \$25,220, respectively.

NOTE 3 – LAND AND BUILDING LEASES AND PURCHASE

Sebastopol, California

In October 22, 2012, the Organization purchased the real property from the City of Sebastopol for \$265,400 where its primary kitchen facility is located. In addition, administrative and fundraising facilities were leased on February 1, 2013 under an operating lease expiring on February 28, 2016. Minimum monthly lease payments are \$1,300 per month.

Marin County, California

The Organization leases kitchen facilities for its program operations in Marin County on a month to month basis for approximately \$900 per month.

Sonoma, California

The Organization commenced operations in an additional location in Sonoma, California in September 2013. The use of kitchen facilities were donated to the organization from September 1 through December 31, 2013. The fair value of the usage of these facilities was determined to total \$5,000 and has been included in the Statement of Activities.

Rental expenses totaled \$25,937 and \$10,375 in the years ended December 31, 2013 and 2012, respectively.



**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**

**Notes to Financial Statements**  
**December 31, 2013 and 2012**

NOTE 3 – LAND AND BUILDING LEASES AND PURCHASE (Continued)

Minimum future rental payments are as follows as of December 31, 2013:

<u>For the Year Ending December 31,</u>	
2014	\$15,600
2015	15,600
2016	<u>2,600</u>
	<u><u>\$33,800</u></u>

NOTE 4 – NOTES PAYABLE

Notes payable consisted of the following at December 31, 2013 and 2012:

	2013	2012
<p>Note payable to finance company, monthly payments of principal and interest are due each month based on a 25 year amortization schedule. The interest rate is adjustable quarterly at the finance company’s prime rate plus .75%. The interest rate at December 31, 2013 and 2012 was 5.25% and 5.5% per annum, respectively. The remaining balance of approximately \$301,000 is due in full on July 5, 2017. The note is secured by a deed of trust on the Organization’s facilities at 7351 Bodega Avenue in Sebastopol, California at a total cost of \$969,993 and substantially all other assets of the Organization. In addition, \$32,500 of cash belonging to individuals is being held by the lender in secured accounts to guarantee the loan.</p>	\$ 331,516	\$338,734
<p>Capital lease payable to financing company, monthly payments of principal and interest totaling approximately \$163 are due through June 2018. Secured by office equipment at a cost of \$7,000.</p>	6,249	-
Total Notes Payable	337,765	338,734
Less Current Portion	(9,000)	(7,400)
Non-current Portion	\$328,765	\$ 331,334

**THE CERES COMMUNITY PROJECT**  
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**Notes to Financial Statements**  
**December 31, 2013 and 2012**

NOTE 4 – NOTES PAYABLE (Continued)

Future scheduled maturities of the note payable are as follows as of December 31, 2013:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 9,000
2015	10,000
2016	10,500
2017	308,000
2018	265
	<u>\$337,765</u>

NOTE 5 – BANK LINE OF CREDIT

On February 25, 2013, the Organization obtained a bank line of credit for \$100,000. Outstanding balances accrue interest based on the greater of lender’s prime rate or 4.5% per annum. The line of credit matures on March 1, 2015. No balances were outstanding as of December 31, 2013. The line of credit is secured by substantially all accounts, inventory, equipment and general intangible assets of the Organization.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Temporary Restrictions for:		
Marin Meal Project	\$68,261	\$31,901
Computer, Phone and IT Equipment	10,491	-
Sonoma Valley Satellite Kitchen	2,611	-
East Bay Satellite Kitchen	100,365	-
Ceres Community Garden	-	8,844
Cancer Journey	-	7,470
	<u>\$181,728</u>	<u>\$48,215</u>
Total Temporarily Restricted Net Assets	<u>\$181,728</u>	<u>\$48,215</u>

**THE CERES COMMUNITY PROJECT**  
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**Notes to Financial Statements**  
**December 31, 2013 and 2012**

NOTE 7 – SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

During the year ended December 31, 2013 and 2012, the Organization paid the following in interest:

	<u>2013</u>	<u>2012</u>
Interest Paid	<u>\$19,349</u>	<u>\$6,591</u>

Noncash investing activities included the following in the year ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Purchase of real property with note payable	<u>\$ -</u>	<u>\$265,400</u>

NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 8, 2014, the date the financial statements were available to be issued.

In April 2014 the Organization received approval from the California Department of Agriculture to revise its grant provisions by reallocating reimbursable costs amongst budgeted line items for the period October 1, 2011 – June 30, 2014. The revisions relating to reimbursable costs incurred prior to January 1, 2014 have been reflected in these financial statements.

## SUPPLEMENTAL INFORMATION

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Schedule of Expenses – Including the Fair Value of Non-Professional Volunteer Services**  
**For the Year Ended December 31, 2013**

	Program Expenses						Total Programs
	Meal Programs			Community	Food	National	
	Sebastopol	Marin Co.	Sonoma V.	Outreach	Sales	Program	
EXPENSES							
Compensation Expenses:							
Employees	\$341,291	\$ 24,839	\$10,020	\$ 46,770	\$ -	\$29,883	\$452,803
Volunteers	332,596	269,576	17,141	19,655	-	2,627	641,595
Total Compensation Expenses	<u>673,887</u>	<u>294,415</u>	<u>27,161</u>	<u>66,425</u>	<u>-</u>	<u>32,510</u>	<u>1,094,398</u>
Food	163,005	21,557	2,332	13	15	4	186,926
Professional Fees	77,229	11,328		1,389		8,633	98,579
Depreciation	28,237					253	28,490
Facilities and Equipment Expenses	27,432	1,512	750	169		221	30,084
Supplies	15,398	6,022	2,347	404	137	1,208	25,516
Marketing and Promotion	833	1,167	205	25,364		20	27,589
Outside Services	4,791	304				999	6,094
Catering Expenses	176			(160)	12,447		12,463
Special Event		5,755					5,755
Garden Expenses	23,078						23,078
Cookbook Costs				7,378			7,378
Rent	6,758	9,450	5,000				21,208
Development and Travel	4,797	116	31	161	33	107	5,245
Interest Expense							-
Insurance	5,546						5,546
Postage and Shipping	300	1,001	83	2,004	17		3,405
Licenses and Fees	1,136						1,136
General Expenses	432	126	32	300			890
Banking and Processing Fees		77	67	50	52		246
Meal Service Allocation	(10,404)				10,404		-
<b>TOTAL EXPENSES</b>	<u><u>\$1,022,631</u></u>	<u><u>\$352,830</u></u>	<u><u>\$38,008</u></u>	<u><u>\$103,497</u></u>	<u><u>\$23,105</u></u>	<u><u>\$43,955</u></u>	<u><u>\$1,584,026</u></u>
Percentage of Total Expenses	<u>52%</u>	<u>18%</u>	<u>2%</u>	<u>5%</u>	<u>1%</u>	<u>2%</u>	<u>80%</u>

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Schedule of Expenses – Including the Fair Value of Non-Professional Volunteer Services (Continued)**  
**For the Year Ended December 31, 2013**

	Supporting Expenses		
	General & Administrative	Fundraising	Total
EXPENSES			
Compensation Expenses:			
Employees	\$ 99,301	\$ 108,196	\$ 660,300
Volunteers	45,951	17,647	705,193
Total Compensation Expenses	<u>145,252</u>	<u>125,843</u>	<u>1,365,493</u>
Food	495	2,499	189,920
Professional Fees	21,119	22,999	142,697
Depreciation	647	1,803	30,940
Facilities and Equipment Expenses	3,055	2,203	35,342
Supplies	3,196	3,856	32,568
Marketing and Promotion		8,522	36,111
Outside Services	1,715	6,043	13,852
Catering Expenses		145	12,608
Special Event		17,704	23,459
Garden Expenses		33	23,111
Cookbook Costs			7,378
Rent	4,399	330	25,937
Development and Travel	837	436	6,518
Interest Expense	19,349		19,349
Insurance	2,327	682	8,555
Postage and Shipping	143	2,110	5,658
Licenses and Fees	230	670	2,036
General Expenses	1,271	590	2,751
Banking and Processing Fees	810	6,593	7,649
Meal Service Allocation			-
TOTAL EXPENSES	<u>\$ 204,845</u>	<u>\$ 203,061</u>	<u>\$ 1,991,932</u>
Percentage of Total Expenses	<u>10%</u>	<u>10%</u>	<u>100%</u>

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Schedule of Expenses – Including the Fair Value of Non-Professional Volunteer Services**  
**For the Year Ended December 31, 2012**

	Program Expenses					Supporting Expenses		
	Meal Programs		Educational	Garden &	Total	General &		Total
	Sonoma Co.	Marin Co.	Outreach	Services	Programs	Administrative	Fundraising	
Compensation Expenses:								
Employees	\$ 173,641	\$ -	\$ 94,509	\$ 19,500	\$ 287,650	\$ 48,602	\$ 93,397	\$ 429,649
Volunteers	298,568	145,130	19,128	34,344	497,170	36,369	16,949	550,488
Total Compensation	472,209	145,130	113,637	53,844	784,820	84,971	110,346	980,137
Food, Containers and								
Cookbooks	82,204	8,445	11,753	1,464	103,866	85	2,906	106,857
Professional Fees		11,832	11,235		23,067	5,200	6,000	34,267
Depreciation	17,959		4,771		22,730	1,245	1,245	25,220
Advertising and Promotion	1,207	915	13,640	28	15,790	210	8,993	24,993
Supplies	6,637	2,365	4,301	50	13,353	8,146	3,047	24,546
Repairs and Maintenance	6,393		3,485	733	10,611	5,406	3,389	19,406
Utilities, Tele., Janitorial	8,151		3,796		11,947	2,381	1,881	16,209
Outside Services	8,511			1,516	10,027	2,127	3,247	15,401
Special Events			4,185		4,185		10,172	14,357
Garden Expenses				13,687	13,687			13,687
Rent		10,375			10,375			10,375
Bank and Processing Fees			524		524	3,418	5,019	8,961
Interest Expense					-	6,591		6,591
Insurance	1,411		641		2,052	3,791	256	6,099
Postage and Shipping	471	470	1,170		2,111	487	2,171	4,769
Education and Travel	878		2,749		3,627	10	658	4,295
Other Expenses	1,054		596	91	1,741	652	485	2,878
<b>TOTAL</b>	<b>\$607,085</b>	<b>\$179,532</b>	<b>\$176,483</b>	<b>\$71,413</b>	<b>\$1,034,513</b>	<b>\$124,720</b>	<b>\$159,815</b>	<b>\$1,319,048</b>
Percentage of Total	46%	14%	13%	5%	78%	9%	12%	100%

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Notes to Supplemental Information**  
**December 31, 2013 and 2012**

**NOTE A – FAIR VALUE OF NON-PROFESSIONAL VOLUNTEER SERVICES**

The Organization received the services of more than 600 non-professional volunteers in the years ended December 31, 2013 and 2012. These services were not recognized in the Statement of Activities because such services do not involve specialized skills. However, these services are an integral part of the preparation, cooking, gardening and delivery of meals and education for the meal programs, as well as community outreach, administration and fundraising.

The average value of volunteer services in the locality was \$8 per hour for teenagers and \$23.59 and \$23.72 per hour for adults, plus related payroll taxes and benefit of 16% and 12% in the years ended December 31, 2013 and 2012, respectively. The fair value of the adult services has been determined by management using the U.S. Department of Labor’s Occupational Employment Statistics for the Santa Rosa/Petaluma area. The organization estimates the total value of the following volunteer services at \$705,193 and \$550,488 in the years ended December 31, 2013 and 2012, respectively, and has included them in the Schedule of Expenses – Including the Fair Value of Non-Professional Volunteer Services for the Years Ended December 31, 2013 and 2012 as follows:

	<u>2013</u> <u>Hours</u>	<u>2013</u> <u>Fair Value</u>	<u>2012</u> <u>Hours</u>	<u>2012</u> <u>Fair Value</u>
Sebastopol Meal Program:				
Adults	7,558	\$206,787	8,990	\$238,832
Teenagers	13,557	125,809	10,500	94,080
Marin County Meal Program:				
Adults	9,317	254,914	4,926	130,865
Teenagers	1,580	14,662	1,592	14,265
Sonoma Valley Meal Program				
Adults	462	12,640	-	-
Teenagers	485	4,501	-	-
Community Outreach:				
Adults	475	12,983	720	19,128
Teenagers	719	6,672	-	-
National Program - Adults	96	2,627	-	-
Administration – Adults	1,680	45,951	1,369	36,369
Fundraising:				
Adults	531	14,547	638	16,949
Teenagers	334	3,100	-	-
Total Fair Value of Non-Professional Volunteer Services	<u>36,794</u>	<u>\$705,193</u>	<u>28,735</u>	<u>\$550,488</u>