

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

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

***December 31, 2016 and 2015***

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position, December 31, 2016 and 2015	2
Statement of Activities for the Year Ended December 31, 2016	3
Statement of Activities for the Year Ended December 31, 2015	4
Statement of Functional Expenses for the Year Ended December 31, 2016	5
Statement of Functional Expenses for the Year Ended December 31, 2015	6
Statements of Cash Flows for the Years Ended December 31, 2016 and 2015	7
Notes to Financial Statements	8 – 17
SUPPLEMENTAL INFORMATION	
Independent Auditor's Report on Supplemental Information	18
Schedule of Expenses – Including the Fair Value of Non-Professional Volunteer Services for the Year Ended December 31, 2016	19
Schedule of Expenses – Including the Fair Value of Non-Professional Volunteer Services for the Year Ended December 31, 2015	20
Notes to Supplemental Information	21

*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, 2016 and 2015, 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, 2016 and 2015, 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*

Santa Rosa, California  
March 20, 2017

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Statements of Financial Position**  
**December 31, 2016 and 2015**

	December 31,	
	2016	2015
Cash and Cash Equivalents	\$ 275,233	\$ 403,511
Accounts Receivable	4,481	324
Inventory	17,060	2,485
Other Current Assets	13,603	5,418
TOTAL CURRENT ASSETS	310,377	411,738
Prepaid Copier Expenses	33,287	-
Property and Equipment, net	1,119,353	1,078,423
 TOTAL ASSETS	 \$ 1,463,017	 \$ 1,490,161
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable	44,537	41,822
Accrued Paid Time Off	32,005	23,888
Line of Credit	25,000	-
Other Current Liabilities	18,287	5,236
Current Portion of Long-term Debt	390,760	11,000
TOTAL CURRENT LIABILITIES	510,589	81,946
Long-term Debt	35,500	334,142
TOTAL LIABILITIES	546,089	416,088
 <b>NET ASSETS</b>		
Unrestricted	817,912	826,291
Temporarily restricted	99,016	247,782
TOTAL NET ASSETS	916,928	1,074,073
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,463,017	 \$ 1,490,161

The Accompanying Notes are an Integral Part of These Financial Statements

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND SUPPORT:</b>			
Contributions:			
Individuals	\$ 517,158	\$ 98,890	\$ 616,048
Businesses and Organizations	99,654	8,205	107,859
Foundations	362,734	184,225	546,959
In-Kind Contributions	283,725		283,725
Community Outreach Revenues	37,259		37,259
Sales of Food Products	188,056		188,056
Special Events	310,597		310,597
Affiliate Licensing and Training Fees	12,825		12,825
Interest and Other Income	684		684
Net Assets Released From Restrictions	440,086	(440,086)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>2,252,778</b>	<b>(148,766)</b>	<b>2,104,012</b>
 <b>EXPENSES:</b>			
Program Services:			
Meal Program-Sebastopol	785,033		785,033
Meal Program-Marin County	215,905		215,905
Meal Program-Sonoma Valley	10,944		10,944
Meal Program-East Bay	51,068		51,068
Meal Program-Dream Center	261,768		261,768
Community Outreach and Education	279,168		279,168
Food Sales and Catering	107,420		107,420
National Program	16,902		16,902
Total Program Services	1,728,208	-	1,728,208
Supporting Services:			
General & Administrative	171,571	-	171,571
Fundraising	361,378	-	361,378
Total Supporting Services	532,949	-	532,949
<b>TOTAL EXPENSES</b>	<b>2,261,157</b>	<b>-</b>	<b>2,261,157</b>
 <b>CHANGE IN NET ASSETS</b>	 <b>(8,379)</b>	 <b>(148,766)</b>	 <b>(157,145)</b>
 <b>NET ASSETS, BEGINNING</b>	 <b>826,291</b>	 <b>247,782</b>	 <b>1,074,073</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 817,912</b>	<b>\$ 99,016</b>	<b>\$ 916,928</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND SUPPORT:</b>			
Contributions:			
Individuals	\$ 485,262	\$ 209,254	\$ 694,516
Businesses and Organizations	135,229	37,631	172,860
Foundations	227,542	154,540	382,082
In-Kind Contributions	365,221	-	365,221
Community Outreach Revenues	28,545	-	28,545
Sales of Food Products	118,119	-	118,119
Special Events	214,211	-	214,211
Affiliate License and Training Fees	7,294	-	7,294
Interest and Other Income	8,636	-	8,636
Net Assets Released From Restrictions	393,089	(393,089)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>1,983,148</b>	<b>8,336</b>	<b>1,991,484</b>
 <b>EXPENSES:</b>			
Program Services:			
Meal Program-Sebastopol	794,106	-	794,106
Meal Program-Marin County	253,291	-	253,291
Meal Program-Sonoma Valley	156,357	-	156,357
Meal Program-East Bay	23,184	-	23,184
Meal Program-Dream Center	1,712	-	1,712
Community Outreach and Education	208,560	-	208,560
Food Sales and Catering	19,000	-	19,000
National Program	19,576	-	19,576
Total Program Services	1,475,786	-	1,475,786
Supporting Services:			
General & Administrative	169,220	-	169,220
Fundraising	287,499	-	287,499
Total Supporting Services	456,719	-	456,719
<b>TOTAL EXPENSES</b>	<b>1,932,505</b>	<b>-</b>	<b>1,932,505</b>
<b>CHANGE IN NET ASSETS</b>	50,643	8,336	58,979
<b>NET ASSETS, BEGINNING</b>	775,648	239,446	1,015,094
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 826,291</b>	<b>\$ 247,782</b>	<b>\$1,074,073</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2016**

	Program Expenses								Supporting Expenses			
	Meal Programs					Community Outreach	Food Sales	National Program	Total Programs	General & Fundraising		Total
	Sebastopol	Marin County	Sonoma Valley	East Bay	Dream Center					Administrative	Fundraising	
<b>EXPENSES</b>												
Compensation Expenses:												
Salaries and Wages	\$ 319,050	\$ 112,035	\$ 4,744	\$ 29,575	\$ 93,363	\$ 162,849	\$ 37,291	\$ 13,211	\$ 772,118	\$ 76,654	\$ 189,126	\$ 1,037,898
Payroll Tax Expenses	24,894	9,304	600	2,467	6,866	12,317	3,476	985	60,909	5,557	15,051	81,517
Employee Benefits	40,908	12,578	-	4,505	6,940	16,164	2,354	707	84,156	7,827	8,561	100,544
	384,852	133,917	5,344	36,547	107,169	191,330	43,121	14,903	917,183	90,038	212,738	1,219,959
Contributed Professional Services	72,464	6,445	-	-	17,086	949	-	-	96,944	13,438	8,840	119,222
Total Compensation Expenses	457,316	140,362	5,344	36,547	124,255	192,279	43,121	14,903	1,014,127	103,476	221,578	1,339,181
Food	158,353	48,935	2,668	5,795	69,188	582	13,390	21	298,932	189	-	299,121
Professional Fees	19,879	2,974	1,854	1,455	-	21,925	8,763	-	56,850	39,605	35,595	132,050
Rent	28,080	11,104	-	640	24,404	13,440	-	960	78,628	6,080	14,880	99,588
Facilities and Equipment Expenses	34,898	3,623	125	4,028	23,648	12,321	7,904	106	86,653	3,764	5,882	96,299
Marketing and Promotion	280	352	-	-	236	14,631	428	-	15,927	-	13,009	28,936
Depreciation	30,554	764	-	-	9,383	5,426	501	123	46,751	703	1,519	48,973
Special Event	-	-	-	-	-	-	-	-	-	-	46,932	46,932
Supplies & Cookbooks	11,733	2,594	49	1,681	4,088	6,323	5,396	142	32,006	1,537	592	34,135
Interest Expense	16,872	-	-	-	-	1,875	-	-	18,747	3,897	-	22,644
Development and Travel	5,412	2,742	862	638	745	3,514	897	-	14,810	1,958	1,091	17,859
Banking and Processing Fees	-	373	-	-	-	-	577	-	950	500	12,891	14,341
Outside Services	11,482	1,496	-	238	3,766	2,254	363	15	19,614	2,554	472	22,640
Catering Expenses	-	-	-	-	-	-	22,628	-	22,628	-	-	22,628
Insurance	3,101	-	42	-	414	1,595	415	570	6,137	3,647	1,823	11,607
General Expenses	832	384	-	-	-	623	-	-	1,839	2,360	4,145	8,344
Postage and Shipping	1,979	202	-	46	84	2,380	194	62	4,947	493	694	6,134
Garden Expenses	3,376	-	-	-	-	-	-	-	3,376	-	-	3,376
Licenses and Fees	886	-	-	-	1,557	-	2,843	-	5,286	808	275	6,369
<b>TOTAL EXPENSES</b>	<b>\$ 785,033</b>	<b>\$ 215,905</b>	<b>\$ 10,944</b>	<b>\$ 51,068</b>	<b>\$ 261,768</b>	<b>\$ 279,168</b>	<b>\$ 107,420</b>	<b>\$ 16,902</b>	<b>\$ 1,728,208</b>	<b>\$ 171,571</b>	<b>\$ 361,378</b>	<b>\$ 2,261,157</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
Statement of Functional Expenses  
**For the Year Ended December 31, 2015**

	Program Expenses								Supporting Expenses			Total
	Meal Programs					Community Outreach	Food Sales	National Program	Total Programs	General & Administrative	Fundraising	
	Sebastopol	Marin County	Sonoma Valley	East Bay	Dream Center							
<b>EXPENSES</b>												
Compensation Expenses:												
Salaries and Wages	\$ 290,280	\$ 116,802	\$ 40,309	\$ 20,224	\$ 55	\$ 118,915	\$ 6,273	\$ 15,105	\$ 607,963	\$ 66,658	\$ 142,465	\$ 817,086
Payroll Tax Expenses	23,562	10,137	3,322	1,589	-	9,356	491	1,148	49,605	5,260	11,471	66,336
Employee Benefits	32,982	6,742	2,284	904	-	12,062	-	698	55,672	1,751	3,537	60,960
	346,824	133,681	45,915	22,717	55	140,333	6,764	16,951	713,240	73,669	157,473	944,382
Contributed Professional Services	97,598	53,840	52,732	-	-	1,998	-	-	206,168	32,172	10,697	249,037
Total Compensation Expenses	444,422	187,521	98,647	22,717	55	142,331	6,764	16,951	919,408	105,841	168,170	1,193,419
Food	176,982	34,971	30,724	-	-	176	1,210	61	244,124	-	1,164	245,288
Professional Fees	19,535	3,515	3,861	-	-	4,225	-	-	31,136	38,898	25,435	95,469
Rent	30,000	9,133	15,960	-	-	14,400	-	-	69,493	7,680	12,000	89,173
Facilities and Equipment Expenses	32,688	4,848	2,331	20	429	9,557	-	1,175	51,048	3,737	5,431	60,216
Marketing and Promotion	1,589	3,085	35	-	295	20,573	-	-	25,577	-	17,401	42,978
Depreciation	31,461	459	-	-	-	5,243	-	135	37,298	397	1,125	38,820
Special Event	-	2,643	-	-	-	-	-	-	2,643	-	33,855	36,498
Supplies	12,621	3,548	2,204	-	403	2,964	72	701	22,513	1,811	2,045	26,369
Interest Expense	16,276	-	-	-	-	1,808	-	498	18,582	708	-	19,290
Development and Travel	7,543	1,500	1,295	447	115	2,730	39	-	13,669	2,182	399	16,250
Banking and Processing Fees	-	465	-	-	255	-	-	-	720	2,405	12,634	15,759
Outside Services	9,872	1,079	493	-	160	1,389	-	11	13,004	629	-	13,633
Catering Expenses	-	-	-	-	-	-	10,891	-	10,891	-	-	10,891
Insurance	2,894	-	398	-	-	1,394	-	-	4,686	3,185	1,593	9,464
General Expenses	1,518	245	89	-	-	261	-	-	2,113	656	4,162	6,931
Postage and Shipping	1,865	154	131	-	-	1,509	24	44	3,727	401	810	4,938
Garden Expenses	3,838	-	189	-	-	-	-	-	4,027	-	-	4,027
Licenses and Fees	1,002	125	-	-	-	-	-	-	1,127	690	1,275	3,092
<b>TOTAL EXPENSES</b>	<b>\$ 794,106</b>	<b>\$ 253,291</b>	<b>\$ 156,357</b>	<b>\$ 23,184</b>	<b>\$ 1,712</b>	<b>\$ 208,560</b>	<b>\$ 19,000</b>	<b>\$ 19,576</b>	<b>\$ 1,475,786</b>	<b>\$ 169,220</b>	<b>\$ 287,499</b>	<b>\$ 1,932,505</b>

The Accompanying Notes are an Integral Part of These Financial Statements



**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (157,145)	\$ 58,979
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	48,973	38,820
Loss on retirement of equipment	2,042	-
(Increase) Decrease in current assets:		
Accounts receivable	(4,157)	1,634
Inventory	(14,575)	-
Other current Assets	(8,185)	(2,020)
Prepaid copier expenses	1,092	-
Increase (Decrease) in current liabilities:		
Accounts payable	2,715	15,884
Accrued paid time off	8,117	2,258
Other current liabilities	13,051	(5,271)
	<b>(108,072)</b>	<b>110,284</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of building improvements	-	(10,759)
Purchase of equipment	(81,445)	(92,211)
	<b>(81,445)</b>	<b>(102,970)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	50,000	25,000
Net proceeds from line of credit	25,000	-
Repayments of long term debt	(13,761)	(9,280)
	<b>61,239</b>	<b>15,720</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(128,278)</b>	<b>23,034</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>403,511</b>	<b>380,477</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 275,233</b>	<b>\$ 403,511</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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 are located in Sebastopol, California. The Organization’s primary community kitchens are located in Sebastopol and Santa Rosa, California. Additional community kitchens were located in Marin County, Alameda County, and Sonoma Valley, California in the years ended December 31, 2016 and 2015.

In February 2016, the Sonoma Valley kitchen was closed, and a new kitchen was opened in Santa Rosa, California under an agreement with Social Advocates for Youth, a nonprofit serving homeless youth and those leaving the foster care system. The Sonoma Valley area continues to be served via the Santa Rosa kitchen. In October 2016, the Ceres Café was opened at the Santa Rosa kitchen site. The Café educates the broader community about healthy eating and provides job training opportunities for youth, including those who have been in the foster care system and other youth with risk factors.

In March 2016, a fourth commercial kitchen was added in Alameda, California under an agreement with the Alameda Point Collaborative, a nonprofit helping families and individuals break the cycle of homelessness and poverty, to engage formerly homeless youth and provide nourishing organic meals to women with cancer living at or below 200% of the Federal Poverty Level. The kitchen in Alameda was closed June 23, 2016.

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.

The organization delivers meals from their commercial kitchen locations to client families struggling with life-threatening illnesses. The teen leadership programs engage in service learning in organic food nutrition and preparation. The teens in Sebastopol also engage in service learning in organic food gardening. In addition, the Organization conducts 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 Exchange Transactions – Sales of products and services are exchange transactions. Revenues from exchange transactions are recognized when earned and expenses are recognized as incurred. Amounts received in advance are recorded as deferred revenue.

Revenue Recognition for Contributions – Contributions primarily consist of cash and in-kind donations and are recognized as support on the date of donation.

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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

Contributions of cash and other assets with donor stipulations that limit the use of the donated asset are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Other purpose restricted support is reported as an increase in temporarily restricted net assets 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.

In-Kind Contributions and Expenses – Donated assets, food, use of facilities and professional services are recorded at fair market value on the date of donation.

Functional Expenses – Expenses are primarily charged directly to program or supporting service categories based on specific identification, square footage and employee full-time equivalency (FTE) percentage allocation methods.

Cash and Cash Equivalents – Cash and cash equivalents primarily consists of deposits held on demand at a bank. The organization considers all highly liquid deposits held at financial processing companies to be cash equivalents. Cash and cash equivalents held at Exchange Bank frequently exceeded the federally insured limit of \$250,000 in the years ended December 31, 2016 and 2015. Cash held at financial processing companies totaled \$13,301 and \$6,200 at December 31, 2016 and 2015, respectively.

Accounts Receivable – Accounts receivable 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.

Inventory – Inventory includes cookbooks available for sale. Inventory is stated at cost using the first-in, first out method.

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 \$1,500. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building Improvements	5 - 40
Kitchen Equipment	7 - 12
Computer and Office Equipment	5

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.

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
Notes to Financial Statements  
**December 31, 2016 and 2015**

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

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, 2016 and 2015 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.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2016 and 2015:

	2016	2015
Land	\$265,400	\$265,400
Building Improvements	727,263	727,263
Kitchen and Office Equipment	244,890	186,767
Computer Software	61,262	34,440
 Total Property and Equipment	 1,298,815	 1,213,870
Less Accumulated Depreciation	(179,462)	(135,447)
 Property and Equipment, net	 \$1,119,353	 \$1,078,423

Depreciation expense for property and equipment in the years ended December 31, 2016 and 2015 totaled \$48,973 and \$38,820, respectively.

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

NOTE 3 – LAND AND BUILDING LEASES

Sebastopol, California

During the years ended December 31, 2016 and 2015, the organization subleased office space in Sebastopol, California for \$4,000 per month. Effective January 1, 2017, this facility is being used under a license agreement on a month-to-month basis at \$3,800 per month. The agreement also includes the use of adjacent land for the Ceres Community Garden as a donation to the Organization valued at \$1,500 per month as determined by the landlord and Organization. The fair value of the land usage totaled \$18,000 in the years ended December 31, 2016 and 2015, and has been included in in-kind contribution revenues and rent expenses in the Statement of Activities.

Marin County, California

The Organization uses the commercial kitchen facilities of Community Action Marin, a non-profit corporation, approximately 10 hours per week for its program operations in Marin County. The Organization pays \$867 per month under a use agreement through March 30, 2017, and then a monthly fee based on usage from April 1, 2017 through March 30, 2018. The agreement may be terminated with 30 days written notice by either party.

Sonoma, California

The use of commercial kitchen facilities in Sonoma, California were donated to the organization from September 1, 2014 through January 31, 2016. The fair value of the usage of these facilities totaled \$15,000 in the year ended December 31, 2015, and has been included in in-kind contribution revenues and rent expenses in the Statement of Activities. The Organization discontinued using these facilities in February 2016.

Santa Rosa, California

During the year ended December 31, 2015, the Organization entered into a lease and integrated service agreement with the Social Advocates for Youth. Under the agreement, the Organization will purchase kitchen, garden and office equipment to operate its meal program and Social Advocates for Youth will provide kitchen, café and office space to the Organization for two 10 year rent free lease terms. As of December 31, 2016, the Organization purchased commercial kitchen equipment at a total cost of \$96,894 for this location. Operations began in February 2016.

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

NOTE 3 – LAND AND BUILDING LEASES (Continued)

Alameda, California

During the year ended December 31, 2015, the Organization entered into a lease and integrated service agreement with the Alameda Point Collaborative. Under the agreement, the Organization will provide food and kitchen supplies needed to operate its meal program, and Alameda Point Collaborative will provide kitchen and meeting room facilities. Operations began at this location in March 2016. The lease and operations were terminated on June 23, 2016.

Rental expenses, including donated facilities, totaled \$99,588 and \$89,173 in the years ended December 31, 2016 and 2015, respectively. The fair value of donated facilities included in rental expenses totaled \$41,124 and \$33,000, respectively, in the years ended December 31, 2016 and 2015.

Minimum future rental payments are as follows as of December 31, 2016:

<u>For the Year Ending December 31,</u>	
2017	\$2,601

NOTE 4 – LONG TERM DEBT

Long term debt consisted of the following at December 31, 2016 and 2015:

	2016	2015
<p>Note payable to finance company, monthly payments of principal and interest totaling \$2,665 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, 2016 and 2015 was 5.50% and 5.25%, respectively, per annum. The remaining balance of approximately \$380,000 is due in full on July 1, 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, \$12,500 of cash belonging to individuals is being held by the lender in secured accounts to guarantee the loan. As of March 20, 2017, both the finance company and the Organization intend to roll this note over into a new five year loan on July 1, 2017.</p>	\$ 382,786	\$ 341,203

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

NOTE 4 – LONG TERM DEBT (Continued)

Capital lease payable to financing company for office equipment and prepaid copier costs during the lease term, monthly payments of principal and interest and sales tax totaling approximately \$784 are due through January 2022. Secured by office equipment at an approximate cost of \$10,500.	43,474	3,939
Total Long Term Debt	426,260	345,142
Less Current Portion	(390,760)	(11,000)
Non-current Portion	\$35,500	\$334,142

The note payable to finance company is subject to certain financial covenants. The Organization was in compliance with these covenants at December 31, 2016.

Future scheduled maturities of the long term debt, including a note for \$50,000 received on January 12, 2017 described in Note 9, are as follows as of December 31, 2016:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 436,460
2018	12,600
2019	8,500
2020	8,800
2021	9,100
2020	800
	\$476,260

NOTE 5 – BANK LINES OF CREDIT

The Organization has a bank line of credit for \$150,000. Outstanding balances accrue interest based on the greater of lender’s prime rate or 4.5% per annum. Outstanding balances totaled \$25,000 and \$0, respectively, at December 31, 2016 and 2015. The line of credit is secured by substantially all accounts, inventory, equipment and general intangible assets of the Organization and expires on May 1, 2017.

The Organization has an unsecured credit card with a bank with a limit of \$30,000. The outstanding balance totaled \$16,959 and \$12,573 at December 31, 2016 and 2015, respectively, and was included in Accounts Payable in the Statement of Financial Position.

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2016 and 2015:

	2016	2015
Temporary Restrictions for:		
Marin Meal Project	\$17,605	\$60,872
Sonoma Valley Satellite Kitchen	-	8,145
East Bay Satellite Kitchen	36,948	85,027
Dream Center in Santa Rosa	44,463	93,738
 Total Temporarily Restricted Net Assets	 \$99,016	 \$247,782

NOTE 7 – IN-KIND CONTRIBUTIONS AND EXPENSES

In the years ended December 31, 2016 and 2015, the Organization received in-kind donations of food, facility usage and skilled services which have been included in the statements of activities and statements of functional expenses as in-kind contribution revenues and food expenses, rent expenses, and contributed professional service expenses as follows:

	2016	2015
Food	\$123,379	\$83,184
Use of Land for Garden	18,000	18,000
Use of Satellite Kitchen	-	15,000
Use of Santa Rosa Kitchen at Dream Center	23,124	
Professional Services	119,222	249,037
 Total In-Kind Contributions	 \$283,745	 \$365,221

Contributed Professional Services:

Contributed professional services primarily include donated skilled services from chefs, landscapers, licensed social workers, educators and organizational development professionals. The fair value of these 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 Sonoma County, Marin County and/or California areas, plus payroll taxes and employee benefits estimated at 16%-18% of salaries and wages.



**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

NOTE 7 – IN-KIND CONTRIBUTIONS AND EXPENSES (Continued)

The total fair value of contributed professional services included in the financial statements in the year ended December 31, 2016 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Services
Sebastopol Meal Program	1,857	\$39.02	\$72,464
Marin Meal Program	199	\$32.39	6,445
Dream Center Program	444	\$38.48	17,086
Community Outreach	34	\$27.91	949
Management and General	405	\$33.18	13,438
Fundraising	209	\$42.30	8,840
Totals	<u>3,148</u>		<u>\$119,222</u>

The total fair value of contributed professional services included in the financial statements in the year ended December 31, 2015 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Services
Sebastopol Meal Program	2,631	\$37.10	\$97,598
Marin Meal Program	1,297	\$41.52	53,840
Sonoma Meal Program	1,337	\$39.44	52,732
Community Outreach	68	\$29.39	1,998
Management and General	915	\$35.16	32,172
Fundraising	262	\$40.83	10,697
Totals	<u>6,510</u>		<u>\$249,037</u>

Non-Professional Donated Services:

The Organization also has many volunteers who donate their non-professional services towards programs and support. In accordance with generally accepted accounting principles, the value of these non-professional services is not reflected in these financial statements. In the year ended December 31, 2016, adult volunteers donated 21,188 hours of non-professional service and teen volunteers donated 23,136 hours. In the year ended December 31, 2015, adult volunteers donated 22,412 hours of non-professional service and teen volunteers donated 22,886 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 Sonoma County, Marin County and California areas, plus benefits and taxes estimated at 16-18% of compensation in the years ended December 31, 2016 and 2015.

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

NOTE 7 – IN-KIND CONTRIBUTIONS AND EXPENSES (Continued)

The total fair value of the non-professional volunteer services in the year ended December 31, 2016 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Services
Adult Volunteers	21,188	\$17.94	\$380,110
Teen Volunteers	23,136	\$11.81	273,298
Totals	<u>44,324</u>		<u>\$653,408</u>

The total fair value of the non-professional volunteer services in the year ended December 31, 2015 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Services
Adult Volunteers	22,412	\$16.03	\$359,262
Teen Volunteers	22,886	\$10.44	238,930
Totals	<u>45,298</u>		<u>\$598,192</u>

NOTE 8 – SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

During the year ended December 31, 2016 and 2015, the Organization paid the following in interest:

	<u>2016</u>	<u>2015</u>
Interest Paid	<u>\$19,217</u>	<u>\$18,792</u>

Noncash investment and financing activities consisted of the following in the year ended December 31, 2016:

	<u>2016</u>
Office Equipment purchased with long term debt	\$10,500
Prepaid copier expense purchased with long term debt	34,379
	<u>\$44,879</u>

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 20, 2017, the date the financial statements were available to be issued.

On January 12, 2017, the Organization received a \$50,000 loan from a nonprofit membership organization. The outstanding balance is due in twelve consecutive monthly payments of \$4,303.32, including interest at 6% per annum, commencing February 1, 2017. The final payment is due January 1, 2018.

The note payable to a finance company which totals \$382,786 as of December 31, 2016, matures on July 1, 2017 and is included in current liabilities in the Statement of Financial Position. As of March 20, 2017, both the lender and the Organization intend to refinance this note on July 1, 2017 by rolling it over into another five-year loan.

## SUPPLEMENTAL INFORMATION

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

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

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

I have audited the financial statements of The Ceres Community Project as of December 31, 2016 and 2015 and for the years then ended, and have issued my report thereon dated March 20, 2017, which contained an unmodified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Expenses - Including the Fair Value of Non-Professional Volunteer Services for the years ended December 31, 2016 and 2015 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules include the fair value of non-professional volunteer services, which is a departure from generally accepted accounting principles. 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, except for the inclusion of the fair value of non-professional volunteer services, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Carolyn A. Mayes, CPA*

Santa Rosa, California  
March 20, 2017

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Schedule of Expenses - Including Value of Non-Professional Volunteer Services**  
**For the Year Ended December 31, 2016**

	Program Expenses								Supporting Expenses			
	Meal Programs				Dream Center	Community Outreach	Food Sales	National Program	Total Programs	General & Administrative	Fundraising	Total
	Sebastopol	Marin County	Sonoma Valley	East Bay								
<b>EXPENSES</b>												
Compensation:												
Employees	\$ 384,852	\$ 133,917	\$ 5,344	\$ 36,547	\$ 107,169	\$ 191,330	\$ 43,121	\$ 14,903	\$ 917,183	\$ 90,038	\$ 212,738	\$ 1,219,959
Contributed Professional Services	72,464	6,445	-	-	17,086	949	-	-	96,944	13,438	8,840	119,222
Non-Professional Volunteer Services:												
Adult Volunteers	196,895	63,486	1,867	5,574	33,636	27,389	-	-	328,847	37,155	14,108	380,110
Teen Volunteers	176,174	38,052	2,566	3,778	52,728	-	-	-	273,298	-	-	273,298
Total Compensation Value	830,385	241,900	9,777	45,899	210,619	219,668	43,121	14,903	1,616,272	140,631	235,686	1,992,589
Food	158,353	48,935	2,668	5,795	69,188	582	13,390	21	298,932	189	-	299,121
Professional Fees	19,879	2,974	1,854	1,455	-	21,925	8,763	-	56,850	39,605	35,595	132,050
Rent	28,080	11,104	-	640	24,404	13,440	-	960	78,628	6,080	14,880	99,588
Facilities and Equipment Expenses	34,898	3,623	125	4,028	23,648	12,321	7,904	106	86,653	3,764	5,882	96,299
Marketing and Promotion	280	352	-	-	236	14,631	428	-	15,927	-	13,009	28,936
Depreciation	30,554	764	-	-	9,383	5,426	501	123	46,751	703	1,519	48,973
Special Event	-	-	-	-	-	-	-	-	-	-	46,932	46,932
Supplies & Cookbooks	11,733	2,594	49	1,681	4,088	6,323	5,396	142	32,006	1,537	592	34,135
Interest Expense	16,872	-	-	-	-	1,875	-	-	18,747	3,897	-	22,644
Development and Travel	5,412	2,742	862	638	745	3,514	897	-	14,810	1,958	1,091	17,859
Banking and Processing Fees	-	373	-	-	-	-	577	-	950	500	12,891	14,341
Outside Services	11,482	1,496	-	238	3,766	2,254	363	15	19,614	2,554	472	22,640
Catering Expenses	-	-	-	-	-	-	22,628	-	22,628	-	-	22,628
Insurance	3,101	-	42	-	414	1,595	415	570	6,137	3,647	1,823	11,607
General Expenses	832	384	-	-	-	623	-	-	1,839	2,360	4,145	8,344
Postage and Shipping	1,979	202	-	46	84	2,380	194	62	4,947	493	694	6,134
Garden Expenses	3,376	-	-	-	-	-	-	-	3,376	-	-	3,376
Licenses and Fees	886	-	-	-	1,557	-	2,843	-	5,286	808	275	6,369
<b>TOTAL EXPENSES AND VOLUNTEER SERVICES</b>	<b>\$ 1,158,102</b>	<b>\$ 317,443</b>	<b>\$ 15,377</b>	<b>\$ 60,420</b>	<b>\$ 348,132</b>	<b>\$ 306,557</b>	<b>\$ 107,420</b>	<b>\$ 16,902</b>	<b>\$ 2,330,353</b>	<b>\$ 208,726</b>	<b>\$ 375,486</b>	<b>\$ 2,914,565</b>

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Schedule of Expenses - Including Value of Non-Professional Volunteer Services**  
**For the Year Ended December 31, 2015**

	Program Expenses								Supporting Expenses			
	Meal Programs								Total Programs	General & Administrative	Fundraising	Total
	Sebastopol	Marin County	Sonoma Valley	East Bay	Dream Center	Community Outreach	Food Sales	National Program				
<b>EXPENSES</b>												
Compensation:												
Employees	\$ 346,824	\$ 133,681	\$ 45,915	\$ 22,717	\$ 55	\$ 140,333	\$ 6,764	\$ 16,951	\$ 713,240	\$ 73,669	\$ 157,473	\$ 944,382
Contributed Professional Services	97,598	53,840	52,732	-	-	1,998	-	-	206,168	32,172	10,697	249,037
Non-Professional Volunteer Services:												
Adult Volunteers	169,749	50,977	72,490	-	-	9,154	-	-	302,370	12,446	44,446	359,262
Teen Volunteers	187,367	27,906	23,657	-	-	-	-	-	238,930	-	-	238,930
Total Compensation Value	801,538	266,404	194,794	22,717	55	151,485	6,764	16,951	1,460,708	118,287	212,616	1,791,611
Food	176,982	34,971	30,724	-	-	176	1,210	61	244,124	-	1,164	245,288
Professional Fees	19,535	3,515	3,861	-	-	4,225	-	-	31,136	38,898	25,435	95,469
Rent	30,000	9,133	15,960	-	-	14,400	-	-	69,493	7,680	12,000	89,173
Facilities and Equipment Expenses	32,688	4,848	2,331	20	429	9,557	-	1,175	51,048	3,737	5,431	60,216
Marketing and Promotion	1,589	3,085	35	-	295	20,573	-	-	25,577	-	17,401	42,978
Depreciation	31,461	459	-	-	-	5,243	-	135	37,298	397	1,125	38,820
Special Event	-	2,643	-	-	-	-	-	-	2,643	-	33,855	36,498
Supplies	12,621	3,548	2,204	-	403	2,964	72	701	22,513	1,811	2,045	26,369
Interest Expense	16,276	-	-	-	-	1,808	-	498	18,582	708	-	19,290
Development and Travel	7,543	1,500	1,295	447	115	2,730	39	-	13,669	2,182	399	16,250
Banking and Processing Fees	-	465	-	-	255	-	-	-	720	2,405	12,634	15,759
Outside Services	9,872	1,079	493	-	160	1,389	-	11	13,004	629	-	13,633
Catering Expenses	-	-	-	-	-	-	10,891	-	10,891	-	-	10,891
Insurance	2,894	-	398	-	-	1,394	-	-	4,686	3,185	1,593	9,464
General Expenses	1,518	245	89	-	-	261	-	-	2,113	656	4,162	6,931
Postage and Shipping	1,865	154	131	-	-	1,509	24	44	3,727	401	810	4,938
Garden Expenses	3,838	-	189	-	-	-	-	-	4,027	-	-	4,027
Licenses and Fees	1,002	125	-	-	-	-	-	-	1,127	690	1,275	3,092
<b>TOTAL EXPENSES AND VOLUNTEER SERVICES</b>	<b>\$ 1,151,222</b>	<b>\$ 332,174</b>	<b>\$ 252,504</b>	<b>\$ 23,184</b>	<b>\$ 1,712</b>	<b>\$ 217,714</b>	<b>\$ 19,000</b>	<b>\$ 19,576</b>	<b>\$ 2,017,086</b>	<b>\$ 181,666</b>	<b>\$ 331,945</b>	<b>\$ 2,530,697</b>

See Independent Auditor's Report on Supplemental Information and Accompanying Note to Supplemental Information

**THE CERES COMMUNITY PROJECT**  
**(A Nonprofit Public Benefit Corporation)**  
**Note to Supplemental Information**  
**December 31, 2016 and 2015**

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

Non-professional volunteer hours totaled 21,188 for adults and 23,136 for teenagers in the year ended December 31, 2016, and totaled 22,412 for adults and 22,886 for teenagers in the year ended December 31, 2015. In accordance with generally accepted accounting principles, 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, delivery of meals and education for the meal programs, as well as community outreach, administration and fundraising.

The average value of volunteer services, including related payroll taxes and benefits of approximately 16%-18%, was \$11.81 per hour and \$10.44 per hour for teenagers and \$17.94 per hour and \$16.03 per hour for adults in the years ended December 31, 2016 and 2015, 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 Sonoma County, Marin County and California areas. The organization estimates the total value of the following non-professional volunteer services as \$653,408 and \$598,192 in the years ended December 31, 2016 and 2015, respectively, and has included them in the supplemental Schedule of Expenses – Including the Fair Value of Non-Professional Volunteer Services for the Years Ended December 31, 2016 and 2015 as follows:

	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>
	Hours	Fair Value	Hours	Fair Value
Sebastopol Meal Program:				
Adults	11,180	\$196,895	11,539	\$169,749
Teenagers	14,930	176,174	17,947	187,367
Marin County Meal Program:				
Adults	3,118	63,486	3,006	50,977
Teenagers	3,203	38,052	2,673	27,906
Sonoma Valley Meal Program:				
Adults	141	1,867	5,332	72,490
Teenagers	216	2,566	2,266	23,657
Santa Rosa Meal Program:				
Adults	2,071	33,636	-	-
Teenagers	4,469	52,728	-	-
East Bay Meal Program:				
Adults	421	5,574	-	-
Teenagers	318	3,778	-	-
Community Outreach:				
Adults	1,793	27,389	325	9,154
Administration:				
Adults	1,901	37,155	638	12,446
Fundraising:				
Adults	563	14,108	1,572	44,446
Total Fair Value of Non- Professional Volunteer Services	<u>44,324</u>	<u>\$653,408</u>	<u>45,298</u>	<u>\$598,192</u>

See Independent Auditor’s Report on Supplemental Information