

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS
and Supplemental Information

December 31, 2015 and 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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

Sebastopol, California
March 31, 2016

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Statements of Financial Position
December 31, 2015 and 2014

	December 31,	
	2015	2014
Cash	\$ 403,511	\$ 380,477
Accounts Receivable	324	1,958
Other Current Assets	7,903	5,883
TOTAL CURRENT ASSETS	<u>411,738</u>	<u>388,318</u>
Property and Equipment, net	<u>1,078,423</u>	<u>1,014,273</u>
TOTAL ASSETS	<u><u>\$ 1,490,161</u></u>	<u><u>\$ 1,402,591</u></u>
 LIABILITIES AND NET ASSETS		
Accounts Payable	41,822	25,938
Accrued Paid Time Off	23,888	21,630
Other Current Liabilities	5,236	10,507
Current Portion of Long-term Debt	11,000	10,000
TOTAL CURRENT LIABILITIES	<u>81,946</u>	<u>68,075</u>
Long-term Debt	<u>334,142</u>	<u>319,422</u>
TOTAL LIABILITIES	<u>416,088</u>	<u>387,497</u>
 NET ASSETS		
Unrestricted	826,291	775,648
Temporarily restricted	247,782	239,446
TOTAL NET ASSETS	<u>1,074,073</u>	<u>1,015,094</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,490,161</u></u>	<u><u>\$ 1,402,591</u></u>

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
REVENUES AND SUPPORT:			
Contributions:			
Individuals	\$ 485,262	\$ 209,254	\$ 694,516
Businesses and Organizations	135,229	37,631	172,860
Foundation Grants	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)	-
TOTAL REVENUES AND SUPPORT	<u>1,983,148</u>	<u>8,336</u>	<u>1,991,484</u>
EXPENSES:			
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	<u>1,475,786</u>	<u>-</u>	<u>1,475,786</u>
Supporting Services:			
General & Administrative	169,220	-	169,220
Fundraising	287,499	-	287,499
Total Supporting Services	<u>456,719</u>	<u>-</u>	<u>456,719</u>
TOTAL EXPENSES	<u>1,932,505</u>	<u>-</u>	<u>1,932,505</u>
CHANGE IN NET ASSETS	50,643	8,336	58,979
NET ASSETS, BEGINNING	<u>775,648</u>	<u>239,446</u>	<u>1,015,094</u>
NET ASSETS, END OF YEAR	<u>\$ 826,291</u>	<u>\$ 247,782</u>	<u>\$1,074,073</u>

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, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT:			
Contributions:			
Individuals	\$ 347,154	\$ 61,827	\$ 408,981
Businesses and Organizations	82,268	19,489	101,757
Foundation Grants	138,463	171,064	309,527
In-Kind Contributions	304,428	-	304,428
Government Grants	106,769	-	106,769
Community Outreach Revenues	28,289	-	28,289
Sales of Food Products	119,415	-	119,415
Special Events	200,149	-	200,149
Affiliate Licensing Fees	2,196	-	2,196
Interest Income	100	-	100
Net Assets Released From Restrictions:	194,662	(194,662)	-
TOTAL REVENUES AND SUPPORT	1,523,893	57,718	1,581,611
EXPENSES:			
Program Services:			
Meal Program-Sebastopol	741,744	-	741,744
Meal Program-Marin County	127,441	-	127,441
Meal Program-Sonoma Valley	104,523	-	104,523
Meal Program-East Bay	2,154	-	2,154
Community Outreach and Education	205,365	-	205,365
Food Sales and Catering	29,706	-	29,706
National Program	18,570	-	18,570
Total Program Services	1,229,503	-	1,229,503
Supporting Services:			
General & Administrative	171,695	-	171,695
Fundraising	231,436	-	231,436
Total Supporting Services	403,131	-	403,131
TOTAL EXPENSES	1,632,634	-	1,632,634
CHANGE IN NET ASSETS	(108,741)	57,718	(51,023)
NET ASSETS, BEGINNING	884,389	181,728	1,066,117
NET ASSETS, END OF YEAR	\$ 775,648	\$ 239,446	\$ 1,015,094

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, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 58,979	\$ (51,023)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,820	35,856
(Increase) Decrease in current assets:		
Accounts receivable	1,634	35,237
Other Current Assets	(2,020)	6,485
Increase (Decrease) in current liabilities:		
Accounts payable	15,884	11,315
Accrued paid time off	2,258	4,384
Other current liabilities	(5,271)	1,971
NET CASH PROVIDED BY OPERATING ACTIVITIES	110,284	44,225
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of building improvements	(10,759)	(8,873)
Purchase of equipment	(92,211)	(14,309)
NET CASH USED IN INVESTING ACTIVITIES	(102,970)	(23,182)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	25,000	-
Repayments of note payable	(9,280)	(8,343)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	15,720	(8,343)
INCREASE IN CASH AND CASH EQUIVALENTS	23,034	12,700
CASH AND CASH EQUIVALENTS, Beginning of Year	380,477	367,777
CASH AND CASH EQUIVALENTS, End of Year	\$403,511	\$380,477

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						
	Meal Programs					Community Outreach					Food Sales	National Program	Total Programs	General & Administrative	Fundraising	Total	
	Sebastopol	Marin County	Sonoma Valley	East Bay	Dream Center	Sonoma Valley	East Bay	Dream Center	Food Sales	National Program							Total Programs
EXPENSES																	
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					
TOTAL EXPENSES	\$ 794,106	\$ 253,291	\$ 156,357	\$ 23,184	\$ 1,712	\$ 208,560	\$ 19,000	\$ 19,576	\$ 1,475,786	\$ 169,220	\$ 287,499	\$ 1,932,505					

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, 2014

	Program Expenses										Supporting Expenses		Total		
	Meal Programs			Community				National		General &		Fundraising			
	Sebastopol	Marin Co.	Sonoma Vly	East Bay	Outreach	Food Sales	Program	Programs	Administrative	Fundraising					
EXPENSES															
Compensation Expenses:															
Salaries and Wages	\$ 304,623	\$ 53,393	\$ 26,277	\$ 1,873	\$ 113,669	\$ 1,992	\$ 15,144	\$ 516,971	\$ 59,747	\$ 119,173	\$ 695,891				
Payroll Tax Expenses	24,536	4,764	2,237	281	9,096	178	1,142	42,234	5,297	9,395	56,926				
Employee Benefits	23,457	4,185	1,336	-	10,121	-	627	39,726	4,014	3,366	47,106				
Contributed Professional Services	352,616	62,342	29,850	2,154	132,886	2,170	16,913	598,931	69,058	131,934	799,923				
Total Compensation Expenses	105,308	-	40,806	-	1,430	-	-	147,544	45,089	-	192,633				
	457,924	62,342	70,656	2,154	134,316	2,170	16,913	746,475	114,147	131,934	992,556				
Food	149,040	29,295	12,939	-	225	-	-	191,499	74	2,446	194,019				
Professional Fees	13,545	7,094	101	-	4,075	-	-	24,815	37,959	32,860	95,634				
Facilities and Equipment Expenses	33,319	7,301	1,985	-	12,313	-	727	55,645	3,200	3,151	61,996				
Rent	22,018	9,446	15,000	-	4,018	-	-	50,482	4,018	4,018	58,518				
Depreciation	27,697	441	-	-	6,659	-	120	34,917	218	721	35,856				
Marketing and Promotion	-	2,666	-	-	26,151	-	-	28,817	-	5,538	34,355				
Special Event	-	2,235	-	-	-	-	-	2,235	-	30,127	32,362				
Supplies	9,667	2,855	1,965	-	2,355	92	62	16,996	2,564	1,121	20,681				
Catering Expenses	-	-	-	-	-	19,879	-	19,879	-	-	19,879				
Interest Expense	13,976	-	-	-	3,494	-	-	17,470	1,711	-	19,181				
Outside Services	8,116	-	290	-	1,001	-	283	10,558	662	1,336	12,556				
Banking and Processing Fees	-	868	-	-	-	-	-	607	1,828	9,044	11,479				
Development and Travel	5,944	855	607	-	2,062	-	37	9,505	955	515	10,975				
Insurance	2,869	-	338	-	1,369	-	423	4,999	2,954	1,427	9,380				
General Expenses	1,812	357	15	-	270	20	-	2,474	626	6,022	9,122				
Cookbook Costs	-	-	58	-	5,518	-	-	5,576	-	-	5,576				
Postage and Shipping	1,035	1,099	152	-	1,539	-	5	3,830	288	1,001	5,119				
Garden Expenses	2,327	-	397	-	-	-	-	2,724	-	-	2,724				
Licenses and Fees	-	-	-	-	-	-	-	-	491	175	666				
Meal Service Allocation	(7,545)	-	-	-	-	7,545	-	-	-	-	-				
TOTAL EXPENSES	\$ 741,744	\$ 127,441	\$ 104,523	\$ 2,154	\$ 205,365	\$ 29,706	\$ 18,570	\$ 1,229,503	\$ 171,695	\$ 231,436	\$ 1,632,634				

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, 2015 and 2014

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 were located in Sonoma Valley and Marin County, California in the years ended December 31, 2015 and 2014.

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 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 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 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.

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015 and 2014

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

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, 2015 and 2014. Cash held at financial processing companies totaled \$6,200 and \$6,635 at December 31, 2015 and 2014, 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.

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

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.

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015 and 2014

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

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, 2015 and 2014, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land	\$265,400	\$265,400
Building Improvements	727,263	707,631
Kitchen and Office Equipment	186,767	94,556
Computer Software	34,440	34,440
Building Remodel in Process	<u>-</u>	<u>8,873</u>
Total Property and Equipment	1,213,870	1,110,900
Less Accumulated Depreciation	<u>(135,447)</u>	<u>(96,627)</u>
Property and Equipment, net	<u>\$1,078,423</u>	<u>\$1,014,273</u>

Depreciation expense for property and equipment in the years ended December 31, 2015 and 2014 totaled \$38,820 and \$35,856, respectively.

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015 and 2014

NOTE 3 – LAND AND BUILDING LEASES

Sebastopol, California

During the year ended December 31, 2014, the Organization rented office space for its administrative and fundraising facilities under an operating lease which was terminated on December 31, 2014.

During the year ended December 31, 2015, the organization subleased office space in Sebastopol, California for \$4,000 per month. Effective January 1, 2016, this facility is being used under a license agreement which terminates on December 31, 2016, and then may continue on a month-to-month basis. Either party may terminate the license agreement with at least 90 days written notice. 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, 2015 and 2014, 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 which expires on March 30, 2017.

Sonoma, California

The use of commercial kitchen facilities in Sonoma, California were donated to the organization from September 1, 2014 through December 31, 2015. The fair value of the usage of these facilities totaled \$15,000 in the years ended December 31, 2015 and 2014, 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 operates 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, 2015, the Organization purchased commercial kitchen equipment at a total cost of \$75,521 for this location. Operations began in February 2016.

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015 and 2014

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 for a 5 year renewable rent free lease term. Operations began at this location in March 2016.

Rental expenses, including donated facilities, totaled \$89,173 and \$58,516 in the years ended December 31, 2015 and 2014, respectively. The fair value of donated facilities included in rental expenses totaled \$33,000 in each of the years ended December 31, 2015 and 2014.

Minimum future rental payments are as follows as of December 31, 2015:

<u>For the Year Ending December 31,</u>	
2016	\$22,404
2017	<u>2,601</u>
Total	<u><u>\$25,005</u></u>

NOTE 4 – NOTES PAYABLE

Notes payable consisted of the following at December 31, 2015 and 2014:

	2015	2014
<p>Note payable to finance company, monthly payments of principal and interest totaling \$2,215 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, 2015 and 2014 was 5.25% per annum. The remaining balance of approximately \$331,000 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>	\$ 341,203	\$ 324,240

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015 and 2014

NOTE 4 – NOTES PAYABLE (Continued)

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.	3,939	5,182
Total Notes Payable	345,142	329,422
Less Current Portion	(11,000)	(10,000)
Non-current Portion	\$334,142	\$319,422

The note payable to finance company is subject to certain financial covenants. The Organization received a waiver from the financial institution regarding the capital expenditure covenant in the year ending December 31, 2015.

Future scheduled maturities of the note payable are as follows as of December 31, 2015:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 11,000
2017	333,500
2018	642
	\$345,142

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. No balances were outstanding as of December 31, 2015 and 2014. The line of credit is secured by substantially all accounts, inventory, equipment and general intangible assets of the Organization and expires on May 1, 2016.

The Organization has an unsecured credit card with a bank with a limit of \$25,000. The outstanding balance totaled \$12,573 and \$10,413 at December 31, 2015 and 2014, 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, 2015 and 2014

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2015 and 2014:

	2015	2014
Temporary Restrictions for:		
Marin Meal Project	\$60,872	\$82,881
Sonoma Valley Satellite Kitchen	8,145	12,227
East Bay Satellite Kitchen	85,027	103,211
Dream Center in Santa Rosa	93,738	-
Bodega Avenue Building Remodel	-	41,127
Total Temporarily Restricted Net Assets	\$247,782	\$239,466

NOTE 7 – IN-KIND CONTRIBUTIONS AND EXPENSES

In the years ended December 31, 2015 and 2014, 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:

	2015	2014
Food	\$83,184	\$78,795
Use of Land for Garden	18,000	18,000
Use of Satellite Kitchen	15,000	15,000
Professional Services	249,037	192,633
Total In-Kind Contributions	\$365,221	\$304,428

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%-17% of salaries and wages.

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015 and 2014

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, 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>

The total fair value of contributed professional services included in the financial statements in the year ended December 31, 2014 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Services
Sebastopol Meal Program	2,791	\$37.74	\$105,308
Sonoma Meal Program	1,030	\$39.62	40,806
Community Outreach	49	\$29.19	1,430
Management and General	896	\$50.33	45,089
Totals	<u>4,766</u>		<u>\$192,633</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, 2015, adult volunteers donated 22,412 hours of non-professional service and teen volunteers donated 22,886 hours. In the year ended December 31, 2014, adult volunteers donated 19,325 hours of non-professional service and teen volunteers donated 19,303 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 16-17% of compensation in the years ended December 31, 2015 and 2014.

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015 and 2014

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

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>

The total fair value of the non-professional volunteer services in the year ended December 31, 2014 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Services
Adult Volunteers	19,325	\$20.32	\$392,625
Teen Volunteers	19,303	\$10.37	\$200,099
Totals	<u>38,628</u>		<u>\$592,724</u>

NOTE 8 – SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

During the year ended December 31, 2015 and 2014, the Organization paid the following in interest:

	<u>2015</u>	<u>2014</u>
Interest Paid	<u>\$18,792</u>	<u>\$19,180</u>

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 31, 2016, the date the financial statements were available to be issued.

In February 2016, meal program operations in Sonoma, California were transferred to the Dream Center in Santa Rosa, California under a lease and integrated service agreement with Social Advocates for Youth.

In March 2016, meal program operations commenced at a fourth commercial kitchen located in Alameda, California under a lease and integrated service agreement with Alameda Point Collaborative. See Note 3 for additional disclosures.

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, 2015 and 2014 and for the years then ended, and have issued my report thereon dated March 31, 2016, 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, 2015 and 2014 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

Sebastopol, California
March 31, 2016

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, 2015

	Program Expenses										Supporting Expenses				
	Meal Programs										General & Administrative	Fundraising	Total		
	Sebastopol	Marin County	Sonoma Valley	East Bay	Dream Center	Community Outreach	Food Sales	National Program	Total Programs						
EXPENSES															
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	44,445	359,261			
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	212,615	1,791,610			
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			
TOTAL EXPENSES AND VOLUNTEER SERVICES	\$ 1,151,222	\$ 332,174	\$ 252,504	\$ 23,184	\$ 1,712	\$ 217,714	\$ 19,000	\$ 19,576	\$2,017,086	\$ 181,666	\$ 331,944	\$2,530,696			
Percentage of Total	45%	13%	10%	1%	0%	9%	1%	1%	80%	7%	13%	100%			

See Accompanying Independent Auditor's Report on Supplemental Information and Note to 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, 2014

	Program Expenses										Supporting Expenses				
	Meal Programs			Community			Food		National		Total		General &		
	Sebastopol	Marin Co.	Sonoma Vly	East Bay	Outreach	Sales	Program	Program	Programs	Administrative	Fundraising	Total	Total	Total	
EXPENSES															
Compensation Expenses:															
Employees	\$ 352,616	\$ 62,342	\$ 29,850	\$ 2,154	\$ 132,886	\$ 2,170	\$ 16,913	\$ 598,931	\$ 69,058	\$ 131,934	\$ 799,923	\$ 799,923			
Contributed Professional Services	105,308	-	40,806	-	1,430	-	-	147,544	45,089	-	192,633				
Non-Professional Volunteer Services:															
Adults	182,317	149,674	25,140	-	204	-	-	357,335	24,583	10,707	392,625				
Teen Volunteers	152,228	18,270	23,277	-	-	-	-	193,775	-	6,324	200,099				
Total Compensation Value	792,469	230,286	119,073	2,154	134,520	2,170	16,913	1,297,585	138,730	148,965	1,585,280				
Food	149,040	29,295	12,939	-	225	-	-	191,499	74	2,446	194,019				
Professional Fees	13,545	7,094	101	-	4,075	-	-	24,815	37,959	32,860	95,634				
Facilities and Equipment Expenses	33,319	7,301	1,985	-	12,313	-	727	55,645	3,200	3,151	61,996				
Rent	22,018	9,446	15,000	-	4,018	-	-	50,482	4,018	4,018	58,518				
Depreciation	27,697	441	-	-	6,659	-	120	34,917	218	721	35,856				
Marketing and Promotion	-	2,666	-	-	26,151	-	-	28,817	-	5,538	34,355				
Special Event	-	2,235	-	-	-	-	-	2,235	-	30,127	32,362				
Supplies	9,667	2,855	1,965	-	2,355	92	62	16,996	2,564	1,121	20,681				
Catering Expenses	-	-	-	-	-	19,879	-	19,879	-	-	19,879				
Interest Expense	13,976	-	-	-	3,494	-	-	17,470	1,711	-	19,181				
Outside Services	8,116	868	290	-	1,001	-	283	10,558	662	1,336	12,556				
Banking and Processing Fees	-	587	20	-	-	-	-	607	1,828	9,044	11,479				
Development and Travel	5,944	855	607	-	2,062	-	37	9,505	955	515	10,975				
Insurance	2,869	-	338	-	1,369	20	423	4,999	2,954	1,427	9,380				
General Expenses	1,812	357	15	-	270	-	-	2,474	626	6,022	9,122				
Cookbook Costs	-	-	58	-	5,518	-	-	5,576	-	-	5,576				
Postage and Shipping	1,035	1,099	152	-	1,539	-	5	3,830	288	1,001	5,119				
Garden Expenses	2,327	-	397	-	-	-	-	2,724	-	-	2,724				
Licenses and Fees	-	-	-	-	-	-	-	-	491	175	666				
Meal Service Allocation	(7,545)	-	-	-	-	7,545	-	-	-	-	-				
TOTAL EXPENSES AND VOLUNTEER SERVICES	\$ 1,076,289	\$ 295,385	\$ 152,940	\$ 2,154	\$ 205,569	\$ 29,706	\$ 18,570	\$ 1,780,613	\$ 196,278	\$ 248,467	\$ 2,225,358				
Percentage of Total	45%	8%	6%	0%	13%	2%	1%	75%	11%	14%	100%				

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

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Note to Supplemental Information
December 31, 2015 and 2014

NOTE A – FAIR VALUE OF NON-PROFESSIONAL VOLUNTEER SERVICES

The Organization received the services of more than 600 non-professional volunteers in each of the years ended December 31, 2015 and 2014. 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%, was \$10.44 per hour and \$10.37 per hour for teenagers and \$16.03 per hour and \$20.32 per hour for adults in the years ended December 31, 2015 and 2014, 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 \$598,192 and \$592,724 in the years ended December 31, 2015 and 2014, 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, 2015 and 2014 as follows:

	<u>2015</u> <u>Hours</u>	<u>2015</u> <u>Fair Value</u>	<u>2014</u> <u>Hours</u>	<u>2014</u> <u>Fair Value</u>
Sebastopol Meal Program:				
Adults	11,539	\$169,749	10,221	\$182,317
Teenagers	17,947	187,367	14,708	152,228
Marin County Meal Program:				
Adults	3,006	50,977	6,068	149,674
Teenagers	2,673	27,906	1,735	18,270
Sonoma Valley Meal Program				
Adults	5,332	72,490	1,352	25,140
Teenagers	2,266	23,657	2,249	23,277
Community Outreach:				
Adults	325	9,154	13	204
Teenagers	-	-	-	-
Administration – Adults	638	12,446	1,161	24,583
Fundraising:				
Adults	1,572	44,446	510	10,707
Teenagers	-	-	611	6,324
Total Fair Value of Non-Professional Volunteer Services	<u>45,298</u>	<u>\$598,192</u>	<u>38,628</u>	<u>\$592,724</u>

See Independent Auditor’s Report on Supplemental Information