

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS
and Supplemental Information

December 31, 2014 and 2013

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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, 2014 and 2013, 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, 2014 and 2013, 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 audits were conducted 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, 2014 and 2013 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
March 9, 2015

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)

Statements of Financial Position
December 31, 2014 and 2013

	December 31,	
	2014	2013
Cash and Cash Equivalents	\$ 380,477	\$ 367,777
Accounts Receivable	1,958	37,195
Other Current Assets	5,883	12,368
TOTAL CURRENT ASSETS	388,318	417,340
Property and Equipment, net	1,014,273	1,026,947
TOTAL ASSETS	\$ 1,402,591	\$ 1,444,287
 LIABILITIES AND NET ASSETS		
Accounts Payable	25,938	14,623
Accrued Paid Time Off	21,630	17,246
Other Current Liabilities	10,507	8,536
Current Portion of Long-term Debt	10,000	9,000
TOTAL CURRENT LIABILITIES	68,075	49,405
Long-term Debt	319,422	328,765
TOTAL LIABILITIES	387,497	378,170
 NET ASSETS		
Unrestricted	775,648	884,389
Temporarily restricted	239,446	181,728
TOTAL NET ASSETS	1,015,094	1,066,117
TOTAL LIABILITIES AND NET ASSETS	\$ 1,402,591	\$ 1,444,287

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 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>
REVENUES AND SUPPORT:			
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)	-
TOTAL REVENUES AND SUPPORT	<u>1,318,267</u>	<u>133,513</u>	<u>1,451,780</u>
EXPENSES:			
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>
TOTAL EXPENSES	<u>1,286,739</u>	<u>-</u>	<u>1,286,739</u>
CHANGE IN NET ASSETS	31,528	133,513	165,041
NET ASSETS, BEGINNING	<u>852,861</u>	<u>48,215</u>	<u>901,076</u>
NET ASSETS, END OF YEAR	<u><u>\$ 884,389</u></u>	<u><u>\$ 181,728</u></u>	<u><u>\$1,066,117</u></u>

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (51,023)	\$ 165,041
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	35,856	30,940
(Increase) Decrease in current assets:		
Accounts receivable	35,237	(12,980)
Other Current Assets	6,485	9,852
Increase (Decrease) in current liabilities:		
Accounts payable	11,315	12,084
Accrued paid time off	4,384	7,811
Other current liabilities	1,971	4,847
	44,225	217,595
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of building improvements	(8,873)	(3,035)
Purchase of equipment and software	(14,309)	(24,018)
	(23,182)	(27,053)
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	7,000
Repayments of note payable	(8,343)	(7,969)
	(8,343)	(969)
NET CASH USED IN FINANCING ACTIVITIES		
INCREASE IN CASH AND CASH EQUIVALENTS	12,700	189,573
CASH AND CASH EQUIVALENTS, Beginning of Year	367,777	178,204
CASH AND CASH EQUIVALENTS, End of Year	\$ 380,477	\$ 367,777

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2014

	Program Expenses							Total Programs
	Meal Programs				Community Outreach	Food Sales	National Program	
	Sebastopol	Marin Co.	Sonoma Vly	East Bay				
EXPENSES								
Compensation Expenses:								
Salaries and Wages	\$304,623	\$ 53,393	\$ 26,277	\$ 1,873	\$113,669	\$ 1,992	\$15,144	\$ 516,971
Payroll Tax Expenses	24,536	4,764	2,237	281	9,096	178	1,142	42,234
Employee Benefits	23,457	4,185	1,336	-	10,121	-	627	39,726
Total Compensation Expenses	352,616	62,342	29,850	2,154	132,886	2,170	16,913	598,931
Food	149,040	29,295	12,939	-	225	-	-	191,499
Professional Fees	118,853	7,094	40,907	-	5,505	-	-	172,359
Depreciation	27,697	441	-	-	6,659	-	120	34,917
Facilities and Equipment Exp	33,319	7,301	1,985	-	12,313	-	727	55,645
Supplies	9,667	2,855	1,965	-	2,355	92	62	16,996
Marketing and Promotion	-	2,666	-	-	26,151	-	-	28,817
Outside Services	8,116	868	290	-	1,001	-	283	10,558
Catering Expenses	-	-	-	-	-	19,879	-	19,879
Special Event	-	2,235	-	-	-	-	-	2,235
Garden Expenses	2,327	-	397	-	-	-	-	2,724
Cookbook Costs	-	-	58	-	5,518	-	-	5,576
Rent	22,018	9,446	15,000	-	4,018	-	-	50,482
Development and Travel	5,944	855	607	-	2,062	-	37	9,505
Interest Expense	13,976	-	-	-	3,494	-	-	17,470
Insurance	2,869	-	338	-	1,369	-	423	4,999
Postage and Shipping	1,035	1,099	152	-	1,539	-	5	3,830
Licenses and Fees	-	-	-	-	-	-	-	-
General Expenses	1,812	357	15	-	270	20	-	2,474
Banking and Processing Fees	-	587	20	-	-	-	-	607
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

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Statement of Functional Expenses (Continued)
For the Year Ended December 31, 2014

	Supporting Expenses		Total
	General & Administrative	Fundraising	
EXPENSES			
Compensation Expenses:			
Salaries and Wages	\$ 59,747	\$ 119,173	\$ 695,891
Payroll Tax Expenses	5,297	9,395	56,926
Employee Benefits	4,014	3,366	47,106
Total Compensation Expenses	69,058	131,934	799,923
Food	74	2,446	194,019
Professional Fees	83,048	32,860	288,267
Depreciation	218	721	35,856
Facilities and Equipment Exp	3,200	3,151	61,996
Supplies	2,564	1,121	20,681
Marketing and Promotion	-	5,538	34,355
Outside Services	662	1,336	12,556
Catering Expenses	-	-	19,879
Special Event	-	30,127	32,362
Garden Expenses	-	-	2,724
Cookbook Costs	-	-	5,576
Rent	4,018	4,018	58,518
Development and Travel	955	515	10,975
Interest Expense	1,711		19,181
Insurance	2,954	1,427	9,380
Postage and Shipping	288	1,001	5,119
Licenses and Fees	491	175	666
General Expenses	626	6,022	9,122
Banking and Processing Fees	1,828	9,044	11,479
Meal Service Allocation	-	-	-
TOTAL EXPENSES	\$ 171,695	\$ 231,436	\$ 1,632,634

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	
EXPENSES							
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
Total Compensation Expenses	341,291	24,839	10,020	46,770	-	29,883	452,803
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	5,078						5,078
Cookbook Costs				7,378			7,378
Rent	24,758	9,450	5,000				39,208
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		-
TOTAL EXPENSES	\$ 690,035	\$83,254	\$20,867	\$83,842	\$ 23,105	\$ 41,328	\$ 942,431

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
EXPENSES			
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	5,111
Cookbook Costs			7,378
Rent	4,399	330	43,937
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	\$ 158,894	\$ 185,414	\$1,286,739

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2014 and 2013

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 Sonoma County, Marin County or California areas.

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2014 and 2013

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

In the years ended December 31, 2014 and 2013, 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:

	<u>2014</u>	<u>2013</u>
Food	\$78,795	\$82,296
Use of Land for Garden	18,000	18,000
Use of Satellite Kitchen	15,000	5,000
Professional Services	192,633	93,900
	<u>\$304,428</u>	<u>\$199,196</u>

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, 2014, adult volunteers donated 19,325 hours of non-professional service and teen volunteers donated 19,303 hours. In the year ended December 31, 2013, adult volunteers donated 20,119 hours of non-professional service and teen volunteers donated 16,675 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 15% - 17% of compensation in the year ended December 31, 2014 and 16% of compensation in the year ended December 31, 2013. The total fair value of these contributed services in the year ended December 31, 2014 is estimated as follows:

	<u>Number of Hours Contributed</u>	<u>Average Fair Value Per Hour of Service</u>	<u>Total Fair Value of Services</u>
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>

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

	<u>Number of Hours Contributed</u>	<u>Average Fair Value Per Hour of Service</u>	<u>Total Fair Value of Services</u>
Adult Volunteers	20,119	\$27.36	\$550,449
Teen Volunteers	16,675	\$ 9.28	\$154,744
Totals	<u>36,794</u>		<u>\$705,193</u>

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)

Notes to Financial Statements

December 31, 2014 and 2013

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue Recognition for CDFA Government Grant – The organization received 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 was recognized as revenue in the period in which the costs were expended. The maximum costs which were reimbursable under this grant totaled \$348,083. As of December 31, 2014, the organization recognized and collected revenues totaling \$346,414 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 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 year ended December 31, 2014. Cash held at financial processing companies totaled \$6,635 and \$5,203 at December 31, 2014 and 2013, respectively.

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, 2014 and 2013

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, 2014 and 2013, 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, 2014 and 2013

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2014 and 2013:

	2014	2013
Land	\$265,400	\$265,400
Building Improvements	707,631	707,631
Kitchen and Office Equipment	94,556	89,351
Computer Software	34,440	25,336
Building Remodel in Process	8,873	-
Total Property and Equipment	1,110,900	1,087,718
Less Accumulated Depreciation	(96,627)	(60,771)
Property and Equipment, net	\$1,014,273	\$1,026,947

Depreciation expense for property and equipment in the years ended December 31, 2014 and 2013 totaled \$35,856 and \$30,940, respectively.

NOTE 3 – LAND AND BUILDING LEASES

Sebastopol, California

During the years ended December 31, 2014 and 2013, the Organization rented office space for its administrative and fundraising facilities under an operating lease which was terminated on December 31, 2014. In December, 2014, the organization entered into an agreement to sublease office space in Sebastopol, California from January 1, 2015 through December 31, 2015 for \$4,000 per month.

The use of land for the Ceres Community Garden in Sebastopol, California is donated to the Organization. The fair value of the usage of this land was determined to total \$18,000 per year in the years ended December 31, 2014 and 2013, and has been included in in-kind contribution revenues and rent expenses in the Statement of Activities.

Marin County, California

The Organization rents kitchen facilities for its program operations in Marin County at a base cost of \$694 per month under an operating lease which expires on March 14, 2015.

THE CERES COMMUNITY PROJECT
(A Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 3 – LAND AND BUILDING LEASES (Continued)

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, 2014. The fair value of the usage of these facilities was determined to total \$15,000 and \$5,000 in the years ended December 31, 2014 and 2013, respectively, and has been included in in-kind contribution revenues and rent expenses in the Statement of Activities.

Rental expenses totaled \$58,516 and \$43,937 in the years ended December 31, 2014 and 2013, respectively.

Minimum future rental payments are as follows as of December 31, 2014:

<u>For the Year Ending December 31,</u>	
2015	\$49,735
	\$49,735

NOTE 4 – NOTES PAYABLE

Notes payable consisted of the following at December 31, 2014 and 2013:

	2014	2013
<p>Note payable to finance company, monthly payments of principal and interest totaling \$2,062 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, 2014 and 2013 was 5.25% per annum. 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>	\$ 324,240	\$ 331,516

THE CERES COMMUNITY PROJECT
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Notes to Financial Statements
December 31, 2014 and 2013

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.	5,182	6,249
Total Notes Payable	329,422	337,765
Less Current Portion	(10,000)	(9,000)
Non-current Portion	\$319,422	\$328,765

Future scheduled maturities of the note payable are as follows as of December 31, 2014:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 10,000
2016	10,000
2017	309,000
2018	422
	\$329,422

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. No balances were outstanding as of December 31, 2014 and 2013. The line of credit is secured by substantially all accounts, inventory, equipment and general intangible assets of the Organization.

THE CERES COMMUNITY PROJECT
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Notes to Financial Statements
December 31, 2014 and 2013

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2014 and 2013:

	2014	2013
Temporary Restrictions for:		
Marin Meal Project	\$82,881	\$68,261
Sonoma Valley Satellite Kitchen	12,227	2,611
East Bay Satellite Kitchen	103,211	100,365
Bodega Avenue Building Remodel	41,127	-
Computer, Phone and IT Equipment	-	10,491
Total Temporarily Restricted Net Assets	\$239,466	\$181,728

NOTE 7 – SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

During the year ended December 31, 2014 and 2013, the Organization paid the following in interest:

	2014	2013
Interest Paid	\$19,180	\$19,349

NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 9, 2015, the date the financial statements were available to be issued.

On February 25, 2015, an additional \$25,000 was advanced to the Organization on its note payable to the bank which is secured by a first deed of trust on the land and building at 7351 Bodega Avenue in Sebastopol, California.

On March 9, 2015, the bank line of credit was increased from \$100,000 to \$150,000 with an expiration date of March 1, 2016.

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							Total Programs
	Meal Programs				Community Outreach	Food Sales	National Program	
	Sebastopol	Marin Co.	Sonoma Vly	East Bay				
EXPENSES								
Compensation Expenses:								
Employees	\$ 352,616	\$ 62,342	\$ 29,850	\$ 2,154	\$ 132,886	\$ 2,170	\$16,913	\$ 598,931
Non-Professional Volunteers	334,545	167,944	48,417	-	204	-	-	551,110
Total Compensation Expenses	687,161	230,286	78,267	2,154	133,090	2,170	16,913	1,150,041
Food	149,040	29,295	12,939	-	225	-	-	191,499
Professional Fees	118,853	7,094	40,907	-	5,505	-	-	172,359
Depreciation	27,697	441	-	-	6,659	-	120	34,917
Facilities and Equipment Exp	33,319	7,301	1,985	-	12,313	-	727	55,645
Supplies	9,667	2,855	1,965	-	2,355	92	62	16,996
Marketing and Promotion	-	2,666	-	-	26,151	-	-	28,817
Outside Services	8,116	868	290	-	1,001	-	283	10,558
Catering Expenses	-	-	-	-	-	19,879	-	19,879
Special Event	-	2,235	-	-	-	-	-	2,235
Garden Expenses	2,327	-	397	-	-	-	-	2,724
Cookbook Costs	-	-	58	-	5,518	-	-	5,576
Rent	22,018	9,446	15,000	-	4,018	-	-	50,482
Development and Travel	5,944	855	607	-	2,062	-	37	9,505
Interest Expense	13,976	-	-	-	3,494	-	-	17,470
Insurance	2,869	-	338	-	1,369	-	423	4,999
Postage and Shipping	1,035	1,099	152	-	1,539	-	5	3,830
Licenses and Fees	-	-	-	-	-	-	-	-
General Expenses	1,812	357	15	-	270	20	-	2,474
Banking and Processing Fees	-	587	20	-	-	-	-	607
Meal Service Allocation	(7,545)	-	-	-	-	7,545	-	-
TOTAL EXPENSES	\$ 1,076,289	\$ 295,385	\$ 152,940	\$ 2,154	\$ 205,569	\$29,706	\$18,570	\$ 1,780,613
	49%	13%	7%	0%	9%	2%	1%	80%

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, 2014

	<u>Supporting Expenses</u>		
	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES			
Compensation Expenses:			
Employees	\$ 69,058	\$ 131,934	\$ 799,923
Non-Professional Volunteers	24,583	17,031	592,724
Total Compensation Expenses	93,641	148,965	1,392,647
Food	74	2,446	194,019
Professional Fees	83,048	32,860	288,267
Depreciation	218	721	35,856
Facilities and Equipment Expense	3,200	3,151	61,996
Supplies	2,564	1,121	20,681
Marketing and Promotion	-	5,538	34,355
Outside Services	662	1,336	12,556
Catering Expenses	-	-	19,879
Special Event	-	30,127	32,362
Garden Expenses	-	-	2,724
Cookbook Costs	-	-	5,576
Rent	4,018	4,018	58,518
Development and Travel	955	515	10,975
Interest Expense	1,711	-	19,181
Insurance	2,954	1,427	9,380
Postage and Shipping	288	1,001	5,119
Licenses and Fees	491	175	666
General Expenses	626	6,022	9,122
Banking and Processing Fees	1,828	9,044	11,479
Meal Service Allocation	-	-	-
TOTAL EXPENSES	\$ 196,278	\$ 248,467	\$ 2,225,358
	9%	11%	100%

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
Non-Professional Volunteers	332,596	269,576	17,141	19,655	-	2,627	641,595
Total Compensation Expenses	673,887	294,415	27,161	66,425	-	32,510	1,094,398
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	5,078						5,078
Cookbook Costs				7,378			7,378
Rent	24,758	9,450	5,000				39,208
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		-
TOTAL EXPENSES	\$1,022,631	\$352,830	\$38,008	\$103,497	\$23,105	\$43,955	\$1,584,026
Percentage of Total Expenses	52%	18%	2%	5%	1%	2%	80%

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

	<u>Supporting Expenses</u>		
	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES			
Compensation Expenses:			
Employees	\$ 99,301	\$ 108,196	\$ 660,300
Non-Professional 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	5,111
Cookbook Costs			7,378
Rent	4,399	330	43,937
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)
Notes to Supplemental Information
December 31, 2014 and 2013

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, 2014 and 2013. 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, including related payroll taxes and benefits of approximately 16%, was \$10.37 per hour and \$9.28 per hour for teenagers and \$20.32 per hour and \$27.36 per hour for adults in the years ended December 31, 2014 and 2013, 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 \$592,724 and \$705,193 in the years ended December 31, 2014 and 2013, 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, 2014 and 2013 as follows:

	2014 Hours	2014 Fair Value	2013 Hours	2013 Fair Value
Sebastopol Meal Program:				
Adults	10,221	\$182,317	7,558	\$206,787
Teenagers	14,708	152,228	13,557	125,809
Marin County Meal Program:				
Adults	6,068	149,674	9,317	254,914
Teenagers	1,735	18,270	1,580	14,662
Sonoma Valley Meal Program				
Adults	1,352	25,140	462	12,640
Teenagers	2,249	23,277	485	4,501
Community Outreach:				
Adults	13	204	475	12,983
Teenagers	-	-	719	6,672
National Program - Adults	-	-	96	2,627
Administration – Adults	1,161	24,583	1,680	45,951
Fundraising:				
Adults	510	10,707	531	14,547
Teenagers	611	6,324	334	3,100
Total Fair Value of Non-Professional Volunteer Services	<u>38,638</u>	<u>\$592,724</u>	<u>36,794</u>	<u>\$705,193</u>