

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2010 AND 2009

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
Additional Information	
Independent Auditors' Report on Additional Information	11
Schedule of Functional Expenses	12



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Careers through Culinary Arts Program, Inc.

We have audited the accompanying statements of financial position of Careers through Culinary Arts Program, Inc. (a not-for-profit corporation) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Careers through Culinary Arts Program, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
April 15, 2011

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)		
Unrestricted	\$1,338,848	\$1,245,794
Temporarily restricted	142,076	287,948
Unconditional promises to give (Notes 1e and 4)		
Unrestricted	36,500	20,000
Investments (Note 5)		
Unrestricted	11,654	11,654
Temporarily restricted	256,255	204,950
Permanently restricted	-	101,000
Accounts receivable	112,384	71,049
Prepaid expenses	22,126	21,900
Furniture and equipment, at cost, net of accumulated depreciation of \$71,656 and \$61,550 (Note 1c)	14,470	21,058
Security deposits	9,994	9,994
	<u> </u>	<u> </u>
Total Assets	<u><u>\$1,944,307</u></u>	<u><u>\$1,995,347</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 87,218	\$ 35,449
Scholarships payable	735,561	784,114
Deferred income	2,000	11,975
Total Liabilities	<u>824,779</u>	<u>831,538</u>
Commitment (Note 7)		
Net Assets		
Unrestricted		
Board designated (Note 2a)	400,000	400,000
Other	<u>321,197</u>	<u>169,911</u>
	721,197	569,911
Temporarily restricted (Note 2b)	398,331	492,898
Permanently restricted (Note 2c)	-	101,000
Total Net Assets	<u>1,119,528</u>	<u>1,163,809</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$1,944,307</u></u>	<u><u>\$1,995,347</u></u>

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Changes in Unrestricted Net Assets		
Revenue and Other Support		
Donated scholarships (Note 6)	\$2,868,114	\$2,393,069
Donated merchandise (Note 6)	183,306	135,733
Donated services/supplies (Note 6)	173,817	152,451
Contributions		
Foundations	453,600	353,500
Corporate/Corporate Foundations	61,992	162,179
Individuals	64,615	50,462
Contract income	418,492	415,139
Fundraising benefits	545,215	516,610
Less: Direct fundraising costs	(184,880)	(211,102)
Local fundraising events	17,180	83,665
Less: Direct local fundraising costs	(4,866)	(23,348)
Interest	-	14,835
Forfeited scholarships	127,724	63,443
Miscellaneous	1,000	-
	<u>4,725,309</u>	<u>4,106,636</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>258,325</u>	<u>150,500</u>
Total Revenue and Other Support	<u>4,983,634</u>	<u>4,257,136</u>
Expenses		
Program Services		
Culinary arts education	3,911,869	3,401,053
After School	33,232	22,522
Job Development	135,381	161,733
College Advising	128,903	131,106
Teacher Training	78,010	108,189
Total Program Services	<u>4,287,395</u>	<u>3,824,603</u>
Supporting Services		
Management and general	291,291	244,892
Fundraising	253,662	212,032
Total Supporting Services	<u>544,953</u>	<u>456,924</u>
Total Expenses	<u>4,832,348</u>	<u>4,281,527</u>
Increase (Decrease) in Unrestricted Net Assets (carried forward)	<u>151,286</u>	<u>(24,391)</u>

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Unrestricted Net Assets (brought forward)	\$ 151,286	\$ (24,391)
Changes in Temporarily Restricted Net Assets		
Contributions		
Foundations	62,453	194,325
Individuals	-	1,500
Interest	305	1,348
Redesignation from permanently restricted net assets (Notes 2c and 6)	101,000	-
Net assets released from restrictions	<u>(258,325)</u>	<u>(150,500)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(94,567)</u>	<u>46,673</u>
Changes in Permanently Restricted Net Assets		
Redesignation to temporarily restricted net assets (Notes 2c and 6)	<u>(101,000)</u>	<u>-</u>
Increase (decrease) in net assets	(44,281)	22,282
Net assets, beginning of year	<u>1,163,809</u>	<u>1,141,527</u>
Net Assets, End of Year	<u><u>\$1,119,528</u></u>	<u><u>\$1,163,809</u></u>

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (44,281)	\$ 22,282
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	10,106	14,542
Bad debt expense	-	3,000
Forfeited scholarships	(127,724)	(63,443)
(Increase) decrease in:		
Unconditional promises to give	(16,500)	289,774
Accounts receivable	(41,335)	108,709
Prepaid expenses	(226)	(2,018)
Increase (decrease) in:		
Accounts payable and accrued expenses	51,769	(55,096)
Scholarships payable	79,171	69,297
Deferred income	(9,975)	9,975
Net Cash Provided (Used) By Operating Activities	(98,995)	397,022
 Cash Flows From Investing Activities		
Acquisition of property and equipment	(3,518)	(14,691)
Purchase of investments	(305)	(305,000)
Proceeds from sale of investments	50,000	201,000
Net Cash Provided (Used) By Investing Activities	46,177	(118,691)
 Net increase (decrease) in cash and cash equivalents	(52,818)	278,331
Cash and cash equivalents, beginning of year	1,533,742	1,255,411
 Cash and Cash Equivalents, End of Year	\$1,480,924	\$1,533,742

See notes to financial statements.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Careers through Culinary Arts Program, Inc.'s ("C-CAP") mission is to promote and provide career opportunities in the foodservice industry for underserved youth through culinary arts education and employment. C-CAP accomplishes this goal by providing teacher training, scholarships, cooking competitions, job training and internships, college and career advising and product and equipment donations. For the years ended June 30, 2010 and 2009, the program reached 167 and 173 public schools in New York, Philadelphia, Chicago, Hampton Roads, Virginia, Los Angeles, Prince George's County, Maryland and the state of Arizona.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers its investment in a money market fund to be a cash equivalent.

c - Furniture and Equipment

Furniture and equipment are recorded at cost and depreciated on the straight-line basis over their estimated useful lives.

d - Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

e - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. Such allowance is based on prior years' experience and management's analysis of specific pledges made.

f - Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - Subsequent Events**

The Organization has evaluated subsequent events through April 15, 2011, the date that the financial statements are considered available to be issued.

h - Tax Status

Careers through Culinary Arts Program, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Management has evaluated all income tax positions, including the position that the Organization is exempt from income taxes or not subject to income taxes or unrelated business income, and concluded that no disclosures relating to uncertain tax positions are required in the financial statements.

Note 2 - Restrictions on Assets

a - At June 30, 2010 and 2009, the Board has designated that \$400,000 of the Organization's unrestricted net assets be held for future operations.

b - Temporarily restricted net assets are restricted for future programs and periods.

c - Permanently restricted net assets consisted primarily of an endowment received from Joel E. Smilow Charitable Trust. The endowment's earnings were to be used for a specific scholarship. The donor redesignated the endowment to temporarily restricted net assets during year ended June 30, 2010.

Note 3 - Concentration of Credit Risk

The Organization maintains its cash and cash equivalents balances in various financial institutions. At June 30, 2010, substantially all of the Organization's cash and cash equivalents were invested in a money market fund.

Note 4 - Unconditional Promises to Give

Unconditional promises to give at June 30, 2010 and 2009 are due within one year. Uncollectible promises are expected to be insignificant.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Note 5 - Investments

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy that prioritizes inputs to valuation techniques is used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs.

The values assigned to these investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such differences could be material. The ultimate realization of such amounts depends on future events and circumstances and therefore, valuation estimates may differ from the value realized upon disposition of individual positions.

At June 30, 2010 and 2009, investments consist of money market funds and certificates of deposits. Their fair value approximates cost and all investments are Level 1 within the fair value hierarchy.

Note 6 - In-Kind Contributions

In-kind contributions consist of the following:

	<u>2010</u>	<u>2009</u>
Scholarships	\$2,868,114	\$2,393,069
Merchandise	183,306	135,733
Services/supplies	<u>173,817</u>	<u>152,451</u>
	<u>\$3,225,237</u>	<u>\$ 2,681,253</u>

The revenues and an equal amount of expenses associated with in-kind contributions are included in the applicable revenue captions and as culinary arts education and direct benefit expenses in the accompanying statement of activities. For the years ended June 30, 2010 and 2009, 40% of the scholarships were received from two institutions, respectively.

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 7 - Commitment**

The Organization occupies office space in New York, NY, pursuant to a lease which expires on May 31, 2014. The lease requires minimum annual rental payments of \$53,725, increasing over the term to \$58,330.

The minimum annual rental payments are subject to adjustments based on increases in the Consumer Price Index as defined in the lease. In addition, the lease requires payments of additional rent based upon a real estate tax escalation clause and electric inclusions. Rent expense pertaining to this lease for the years ended June 30, 2010 and 2009 was \$78,953 and \$84,306, respectively.

Note 8 - Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

ADDITIONAL INFORMATION



**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

To the Board of Directors of
Careers through Culinary Arts Program, Inc.

Our report on our audits of the basic financial statements of Careers through Culinary Arts Program, Inc. for 2010 and 2009 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 2010 with comparative totals for 2009 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lutz + Carr, LLP

New York, New York
April 15, 2011

CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Program Services					Supporting Services			2010	2009	
	Culinary Arts Education	After School	Job Development	College Advising	Teacher Training	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Scholarships (including donated scholarships of \$2,868,114)	\$3,232,164	\$ -	\$ -	\$ -	\$ -	\$3,232,164	\$ -	\$ -	\$ -	\$3,232,164	\$2,717,279
Donated merchandise	178,117	-	-	-	-	178,117	-	5,189	5,189	183,306	135,733
Salaries, payroll taxes and benefits	109,447	6,032	89,910	93,448	46,277	345,114	44,649	93,776	138,425	483,539	556,021
Satellite staff and program fees	249,689	22,008	7,703	3,357	13,249	296,006	29,161	250	29,411	325,417	354,430
Culinary supplies and program materials	46,135	3,979	17,195	8,987	7,988	84,284	520	1,266	1,786	86,070	101,687
Fundraising and indirect benefit expense	-	-	-	-	-	-	-	75,898	75,898	75,898	48,099
Other professional fees	1,219	-	-	-	-	1,219	138,766	28,766	167,532	168,751	92,583
Office rent and utilities	19,579	1,167	16,035	16,789	8,544	62,114	8,316	17,289	25,605	87,719	93,827
Office expense	2,488	-	631	359	8	3,486	15,458	18	15,476	18,962	20,022
Public relations	27,195	-	-	-	-	27,195	301	1,481	1,782	28,977	33,539
Telephone	1,984	-	-	-	-	1,984	10,742	-	10,742	12,726	12,653
Postage and messenger	1,672	-	106	142	7	1,927	6,614	2,212	8,826	10,753	11,042
Travel, meals and entertainment	27,268	46	3,801	4,519	1,937	37,571	577	13,878	14,455	52,026	45,541
Dues and publications	1,465	-	-	1,000	-	2,465	1,819	1,707	3,526	5,991	2,707
Insurance	-	-	-	-	-	-	5,122	-	5,122	5,122	4,766
Printing	24	-	-	45	-	69	3,697	10,518	14,215	14,284	5,818
Computer expense	-	-	-	-	-	-	9,873	11	9,884	9,884	9,777
Conferences	-	-	-	-	-	-	-	-	-	-	5,191
Miscellaneous	9,381	-	-	257	-	9,638	9,612	1,403	11,015	20,653	16,270
Total expenses before depreciation	3,907,827	33,232	135,381	128,903	78,010	4,283,353	285,227	253,662	538,889	4,822,242	4,266,985
Depreciation	4,042	-	-	-	-	4,042	6,064	-	6,064	10,106	14,542
Total Expenses, 2010	<u>\$3,911,869</u>	<u>\$ 33,232</u>	<u>\$ 135,381</u>	<u>\$128,903</u>	<u>\$ 78,010</u>	<u>\$4,287,395</u>	<u>\$ 291,291</u>	<u>\$ 253,662</u>	<u>\$544,953</u>	<u>\$4,832,348</u>	
Total Expenses, 2009	<u>\$3,401,053</u>	<u>\$ 22,522</u>	<u>\$ 161,733</u>	<u>\$131,106</u>	<u>\$108,189</u>	<u>\$3,824,603</u>	<u>\$ 244,892</u>	<u>\$ 212,032</u>	<u>\$456,924</u>		<u>\$4,281,527</u>

See independent auditors' report on additional information.