

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**

**FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**JUNE 30, 2008 AND 2007**

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**

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## INDEPENDENT AUDITOR'S 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, 2008 and 2007, 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, 2008 and 2007, 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  
January 29, 2009

## CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 3)		
Unrestricted	\$1,036,788	\$ 696,489
Temporarily restricted	217,623	216,123
Permanently restricted	1,000	1,000
Unconditional promises to give (Notes 1e and 4)		
Unrestricted	186,774	55,869
Temporarily restricted	125,000	205,465
Investments (Note 5)		
Unrestricted	10,002	5,371
Temporarily restricted	103,602	100,318
Permanently restricted	100,000	100,000
Accounts receivable	180,758	305,348
Prepaid expenses	19,882	21,515
Furniture and equipment, at cost (net of accumulated depreciation of \$66,935 and \$53,557) (Note 1c)	20,909	28,591
Security deposits	9,994	9,895
	<u>9,994</u>	<u>9,895</u>
<b>Total Assets</b>	<b><u>\$2,012,332</u></b>	<b><u>\$1,745,984</u></b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 90,545	\$ 60,649
Scholarships payable	778,260	718,934
Deferred income	2,000	-
Total Liabilities	<u>870,805</u>	<u>779,583</u>
Commitment (Note 7)		
Net Assets		
Unrestricted		
Board designated (Note 2a)	400,000	250,000
Other	194,302	93,495
	<u>594,302</u>	<u>343,495</u>
Temporarily restricted (Note 2b)	446,225	521,906
Permanently restricted (Note 2c)	101,000	101,000
Total Net Assets	<u>1,141,527</u>	<u>966,401</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$2,012,332</u></b>	<b><u>\$1,745,984</u></b>

See notes to financial statements.

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED JUNE 30, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>Changes in Unrestricted Net Assets</b>		
Revenue and Other Support		
Donated scholarships (Note 6)	\$2,623,850	\$3,109,321
Donated merchandise (Note 6)	246,128	308,963
Donated services/supplies (Note 6)	130,158	93,980
Contributions		
Foundations	477,340	403,080
Corporate/Corporate Foundations	163,640	147,367
Individuals	52,589	67,288
Contract income	452,515	460,406
Fundraising benefits	668,162	709,909
Less: Direct fundraising costs	(182,538)	(170,524)
Local fundraising events	112,367	49,312
Less: Direct local fundraising costs	(16,221)	(19,307)
Interest	38,068	40,961
Forfeited scholarships	123,873	59,600
Miscellaneous	3,643	6,552
	4,893,574	5,266,908
Net assets released from restrictions		
Satisfaction of program restrictions	146,585	257,925
	5,040,159	5,524,833
Expenses		
Program Services		
Culinary arts education	3,905,627	4,011,480
After School	94,971	154,998
Job Development	141,599	232,003
College Advising	114,269	146,654
Certification	46,584	84,199
Teacher Training	83,637	369,753
Total Program Services	4,386,687	4,999,087
Supporting Services		
Management and general	173,188	143,693
Fundraising	229,477	257,548
Total Supporting Services	402,665	401,241
Total Expenses	4,789,352	5,400,328
Increase in Unrestricted Net Assets from Operations (carried forward)	250,807	124,505

**See notes to financial statements.**

## CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Increase in Unrestricted Net Assets from Operations (brought forward)	<u>\$ 250,807</u>	<u>\$ 124,505</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions		
Foundations	67,035	162,745
Corporate/Corporate Foundations	-	117,123
Individuals	500	4,000
Interest	3,369	233
Net assets released from restrictions	<u>(146,585)</u>	<u>(257,925)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(75,681)</u>	<u>26,176</u>
<b>Changes in Permanently Restricted Net Assets</b>		
Contributions		
Corporate/Corporate Foundations	<u>-</u>	<u>1,000</u>
Increase in net assets	175,126	151,681
Net assets, beginning of year	<u>966,401</u>	<u>814,720</u>
<b>Net Assets, End of Year</b>	<u><u>\$1,141,527</u></u>	<u><u>\$ 966,401</u></u>

See notes to financial statements.

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 175,126	\$ 151,681
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	13,378	14,620
Bad debt expense	13,139	-
Forfeited scholarships	(123,873)	(59,600)
Net realized and unrealized gain on investments	(1,250)	(3,482)
(Increase) decrease in:		
Unconditional promises to give	(63,279)	149,786
Accounts receivable	124,290	20,208
Prepaid expenses	1,633	21,748
Security deposit	(99)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	29,896	4,609
Scholarships payable	183,199	(21,152)
Deferred income	2,000	-
Net Cash Provided By Operating Activities	354,160	278,418
 <b>Cash Flows From Investing Activities</b>		
Acquisition of property and equipment	(5,696)	(22,842)
Purchase of investments	(106,665)	(106,939)
Proceeds from sale of investments	100,000	100,000
Net Cash Used By Investing Activities	(12,361)	(29,781)
 Net increase in cash and cash equivalents	341,799	248,637
Cash and cash equivalents, beginning of year	913,612	664,975
 <b>Cash and Cash Equivalents, End of Year</b>	<b>\$1,255,411</b>	<b>\$ 913,612</b>

**See notes to financial statements.**

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2008 AND 2007****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Careers through Culinary Arts Program'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, Product and Equipment Donations, and C-CAP Approved certification. For the years ended June 30, 2008 and 2007, the program reached over 200 public schools in New York, Washington, D.C., Philadelphia, Chicago, Boston, Hampton Roads, Virginia, Los Angeles 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 generally accepted 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, 2008 AND 2007**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

g - 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.

**Note 2 - Restrictions on Assets**

a - At June 30, 2008 and 2007, the Board has designated that \$400,000 and \$250,000, respectively, 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 asset consists primarily of an endowment received from Joel E. Smilow Charitable Trust. The endowment's earnings are to be used for a specific scholarship.

**Note 3 - Concentration of Credit Risk**

The Organization maintains its cash balances in a financial institution located in New York, New York. At June 30, 2008, 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 are due as follows:

	<u>2008</u>	<u>2007</u>
Due within one year	\$311,774	\$190,869
Due within two to five years	-	<u>75,000</u>
	<u>311,774</u>	265,869
Less: Discount to present value	-	<u>(4,535)</u>
	<u>\$311,774</u>	<u>\$261,334</u>

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**Note 4 - Unconditional Promises to Give (continued)**

Uncollectible promises are expected to be insignificant. Unconditional promises to give due after one year are reflected at present value of estimated future cash flows using a discount rate of 5%.

**Note 5 - Investments**

At June 30, 2008, investments consist of a money market fund. At June 30, 2007, investments consist of United States Government obligations and money market funds. Fair value approximates cost in each year.

**Note 6 - In-Kind Contributions**

In-kind contributions at June 30 consist of the following:

	<u>2008</u>	<u>2007</u>
Scholarships	\$2,623,850	\$3,109,321
Culinary supplies and equipment	246,128	308,963
Direct benefit expense	<u>130,158</u>	<u>93,980</u>
	<u>\$3,000,136</u>	<u>\$3,512,264</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, 2008 and 2007, 47% and 55% of the scholarships were received from three and two institutions, respectively.

**Note 7 - Commitment**

On June 1, 2002, the Organization entered into a lease for office space in New York, NY for the period through April 30, 2010, which requires minimum annual rental payments of \$58,753 through its expiration.

**CAREERS THROUGH CULINARY ARTS PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2008 AND 2007****Note 7 - Commitment (continued)**

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, 2008 and 2007 was \$74,179 and \$72,844, 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**



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**INDEPENDENT AUDITOR'S 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 2008 and 2007 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, 2008 with comparative totals for 2007 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  
January 29, 2009

## CAREERS THROUGH CULINARY ARTS PROGRAM, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2008 WITH COMPARATIVE TOTALS FOR 2007

	Program Services						Supporting Services			2008	2007	
	Culinary Arts Education	After School	Job Development	College Advising	Certification	Teacher Training	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Scholarships (including donated scholarships of \$2,623,850)	\$2,973,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,973,010	\$ -	\$ -	\$ -	\$2,973,010	\$3,387,915
Donated merchandise	243,128	-	-	-	-	-	243,128	-	3,000	3,000	246,128	308,963
Salaries, payroll taxes and benefits	187,310	26,198	77,564	84,432	27,414	34,347	437,265	59,380	113,108	172,488	609,753	579,675
Satellite staff and program fees	242,980	45,762	33,695	5,050	14,725	17,900	360,112	-	-	-	360,112	418,393
Culinary supplies and program materials	37,069	14,044	13,850	5,708	-	20,975	91,646	-	-	-	91,646	110,420
Fundraising and indirect benefit expense	-	-	-	-	-	-	-	-	80,053	80,053	80,053	86,392
Other professional fees	40,073	-	-	-	-	-	40,073	49,063	-	49,063	89,136	167,221
Office rent and utilities	28,416	3,996	11,826	12,851	4,181	5,238	66,508	9,056	17,249	26,305	92,813	88,612
Office expense	7,815	64	-	494	33	580	8,986	8,398	297	8,695	17,681	20,165
Public relations	48,881	-	-	-	-	-	48,881	69	2,160	2,229	51,110	45,659
Telephone	5,915	-	15	-	-	-	5,930	11,318	12	11,330	17,260	12,110
Postage and messenger	3,461	1,096	168	195	-	114	5,034	8,424	829	9,253	14,287	17,398
Travel, meals and entertainment	30,611	3,367	2,247	4,275	-	2,652	43,152	491	9,010	9,501	52,653	54,160
Dues and publications	2,036	-	44	200	-	-	2,280	392	341	733	3,013	5,283
Insurance	1,475	112	331	360	117	147	2,542	1,575	483	2,058	4,600	4,461
Printing	2,838	40	69	85	-	1,482	4,514	1,184	492	1,676	6,190	14,659
Computer expense	16,956	-	-	-	-	-	16,956	7,968	120	8,088	25,044	30,561
Conferences	10,557	-	-	-	-	-	10,557	-	-	-	10,557	13,689
Miscellaneous	17,745	292	1,790	619	114	202	20,762	7,843	2,323	10,166	30,928	19,972
Total expenses before depreciation	3,900,276	94,971	141,599	114,269	46,584	83,637	4,381,336	165,161	229,477	394,638	4,775,974	5,385,708
Depreciation	5,351	-	-	-	-	-	5,351	8,027	-	8,027	13,378	14,620
Total Expenses, 2008	<u>\$3,905,627</u>	<u>\$ 94,971</u>	<u>\$141,599</u>	<u>\$114,269</u>	<u>\$ 46,584</u>	<u>\$ 83,637</u>	<u>\$4,386,687</u>	<u>\$ 173,188</u>	<u>\$ 229,477</u>	<u>\$402,665</u>	<u>\$4,789,352</u>	
Total Expenses, 2007	<u>\$4,011,480</u>	<u>\$ 154,998</u>	<u>\$ 232,003</u>	<u>\$146,654</u>	<u>\$ 84,199</u>	<u>\$369,753</u>	<u>\$4,999,087</u>	<u>\$ 143,693</u>	<u>\$ 257,548</u>	<u>\$401,241</u>		<u>\$5,400,328</u>

See independent auditor's report on additional information.