

VETRI FOUNDATION FOR CHILDREN

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

**VETRI FOUNDATION FOR CHILDREN
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YEAR ENDED DECEMBER 31, 2014**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Vetri Foundation for Children
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Vetri Foundation for Children (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from 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 auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Vetri Foundation for Children

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vetri Foundation for Children as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
April 21, 2015

**VETRI FOUNDATION FOR CHILDREN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 617,766
Grants and Contributions Receivable	110,000
Prepaid Expenses	<u>5,592</u>
Total Current Assets	<u>733,358</u>

OTHER ASSETS

Security Deposit	<u>6,858</u>
Total Other Assets	<u>6,858</u>

Total Assets	<u><u>\$ 740,216</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 50,131
Total Current Liabilities	<u>50,131</u>

NET ASSETS

Unrestricted	580,085
Temporarily Restricted	<u>110,000</u>
Total Net Assets	<u>690,085</u>

Total Liabilities and Net Assets	<u><u>\$ 740,216</u></u>
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See accompanying Notes to Financial Statements.

**VETRI FOUNDATION FOR CHILDREN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Temporarily Restricted	Total
OPERATING REVENUE			
Grants and Contributions	366,130	\$ 19,624	\$ 385,754
Fee For Service	77,786		77,786
Special Event Revenue	835,426	-	835,426
Less: Costs of Direct Benefits to Donors	(215,816)	-	(215,816)
Net Revenues from Special Events	619,610	-	619,610
In-Kind Contributions	244,795	-	244,795
Other Income	7,192	-	7,192
Net Assets Released from Restrictions	107,650	(107,650)	-
Total Operating Revenue	1,423,163	(88,026)	1,335,137
EXPENDITURES			
Program Services	983,621	-	983,621
Management and General	140,002	-	140,002
Fundraising	123,513	-	123,513
Total Expenditures	1,247,136	-	1,247,136
CHANGE IN NET ASSETS	176,027	(88,026)	88,001
Net Assets - Beginning of Year	404,058	198,026	602,084
NET ASSETS - END OF YEAR	\$ 580,085	\$ 110,000	\$ 690,085

See accompanying Notes to Financial Statements.

**VETRI FOUNDATION FOR CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014**

	Program Services	Management and General	Fundraising	Total Expenditures	Costs of Direct Benefits to Donors	Total
Payroll and Payroll Taxes	\$ 309,417	\$ 55,043	\$ 29,876	\$ 394,336	\$ -	\$ 394,336
Payroll Benefits	31,510	4,990	2,784	39,284	-	39,284
Advertising	2,446	258	2,341	5,045	-	5,045
Contract Services	29,558	35,545	19,572	84,675	-	84,675
Credit Card Fees	6,928	960	7,061	14,949	-	14,949
Equipment and Facility Rental	-	703	-	703	-	703
Food and Beverages	5,884	1,133	6,080	13,097	49,352	62,449
Program Supplies and Equipment	130,803	380	208	131,391	-	131,391
Grants and Contributions	320,943	54	-	320,997	-	320,997
Insurance	348	1,256	34	1,638	-	1,638
Information Technology	11,180	8,305	3,040	22,525	16,548	39,073
Occupancy	43,715	6,818	9,795	60,328	64,962	125,290
Other Expenses	25,397	-	15,141	40,538	-	40,538
Professional Services	27,022	21,547	-	48,569	-	48,569
Special Event Expenses	21,934	-	23,238	45,172	23,069	68,241
Travel	16,536	3,010	4,343	23,889	61,885	85,774
	<u>\$ 983,621</u>	<u>\$ 140,002</u>	<u>\$ 123,513</u>	<u>\$ 1,247,136</u>	<u>\$ 215,816</u>	<u>\$ 1,462,952</u>
Total						

See accompanying Notes to Financial Statements.

**VETRI FOUNDATION FOR CHILDREN
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 88,001
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) Decrease in:	
Grants Receivable	89,287
Prepaid Expenses	(5,592)
Decrease in:	
Accounts Payable and Accrued Expenses	(26,157)
Net Cash Provided by Operating Activities	<u>145,539</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	145,539
Cash and Cash Equivalents - Beginning of Year	<u>472,227</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 617,766</u></u>

See accompanying Notes to Financial Statements.

VETRI FOUNDATION FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Vetri Foundation for Children is a Pennsylvania not-for-profit organization founded in 2008. The Foundation was established to help kids experience the connection between healthy eating and healthy living. Through food, education and social interaction, the Foundation works to give children the nutritional foundation they need to grow and thrive.

One of the key factors in determining the health outcomes of the next generation is its relationship with food.

Many children, especially those in lower income areas, live on diet high in sugar and simple carbohydrates, the ingredients found in so many processed, convenient foods. These foods are easy, cheap, and addictive. One out of three children in our country is overweight or obese, a statistic that has real-world health implications. Studies show that the childhood diagnosis rate for type 2 diabetes (commonly called “adult onset diabetes”) is doubling, tripling, even increasing as much as ten fold in certain communities in less than a generation.

How do we make a change? We must teach our children how to eat, cook and enjoy real food. Students need to know in their heads and experience with their bodies that the proteins, complex carbohydrates and healthy fats that our bodies were meant to live on can be a satisfying, tasty alternative to the junk that will just make them sick.

Where do we start? The Organization starts in schools, where many children consume up to 50% of their daily calories. The Organization’s Etiquette program brings highly trained chefs into schools to help them prepare fresh, scratch-cooked lunches that are served family style. Students learn the benefits of healthy eating and practice teamwork, communication, etiquette and portion control. Since 2012, we have implemented our program in 11 partner schools and 2 summer camps, serving over 450,000 nutritious meals to more than 4,500 children. Hands-on culinary classroom experiences, both during school and as more in-depth after-school programs, reinforce the lessons learned in the lunch room.

By working within the guidelines of the National School Lunch program and keeping our food costs to under \$1.50 per lunch, we enable our partner schools to utilize the federal funding that is available to them. We provide our services free of charge for schools with severe need so that they can funnel every available penny into providing nutrition for their students. When students eat half of their daily calories in school, those calories must be quality.

Our donors help us provide start-up grants to our partner schools, as well as access to our chefs and educators who spend every day training and teaching in these schools.

In addition to our main focus on hands-on nutrition programs, the Organization provides significant grants to organizations that promote children’s health and well being.

VETRI FOUNDATION FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Operations (Continued)

The Organization's main sources of revenue include individual and corporate donations, grants, and revenue from events including our annual Great Chefs Event.

Great Chefs Event, LLC was incorporated on February 1, 2013 and the Vetri Foundation for Children is the sole member. Beginning in 2013, all of the operating activities associated with the annual special event (the Great Chefs Event) were conducted through this new entity. Starting in 2014, the operating activities of the Great Chef's Event were conducted through the Vetri Foundation for Children. The Great Chefs Event, LLC was dissolved on December 17, 2014.

Basis of Financial Statements

The accompanying financial statements are accounted for on the accrual method of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Organization reports contributions as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any donor stipulations that limits its use. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets: Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: These are net assets subject to donor-imposed stipulations that are required to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investment for general or specific purposes. There are no permanently restricted net assets at year end.

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**VETRI FOUNDATION FOR CHILDREN
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly liquid investments in traditional bank accounts, money market funds, and certificates of deposit with a maturity of three months or less when purchased to be cash equivalents. At times, cash in bank may exceed FDIC insurable limits.

Grants and Contributions Receivable

The Organization records grants and contributions receivable at the estimated present value of future cash flows, net of allowances, to include net realizable value based on management's analysis of specific grants (see note 2). Management has determined that no allowance for uncollectible grants and contributions is warranted at December 31, 2014.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) within the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes

Vetri Foundation for Children is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Vetri Foundation for Children follows the income tax standard for uncertain tax positions. This standard had no impact on the Vetri Foundation for Children's financial statements.

Vetri Foundation for Children's income tax returns are subject to review and examination by federal and state authorities. Vetri Foundation for Children is not aware of any activities that would jeopardize its tax exempt status. The tax return for the years 2011, 2012, and 2013 are open to examination by federal authorities.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 21, 2015, the date the financial statements were available to be issued.

**VETRI FOUNDATION FOR CHILDREN
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

NOTE 2 GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and Contributions receivable consists of the following at December 31, 2014:

Independence Blue Cross Foundation	\$ 100,000
Cozen O'Connor	<u>10,000</u>
Total Grants and Contributions Receivable	<u><u>\$ 110,000</u></u>

NOTE 3 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2014 consisted of the following:

Restrictions Due to Purpose:	
Eatiquette Program	\$ 110,000
Total Temporarily Restricted Net Assets	<u><u>\$ 110,000</u></u>

NOTE 4 NONCASH CONTRIBUTIONS

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization recognized \$217,773 in donated items, which were donated in connection with the Organization's Great Chef's event. The Organization also received donated legal services in the amount of \$27,022 for the year ended December 31, 2014. The noncash contributions have been recorded as revenue and are also included as an expense in the statement of activities.

NOTE 5 RELATED PARTY TRANSACTIONS

Members of the Board of Directors also serve on the boards of other organizations which received grants from the Organization. These grants amounted to \$314,693 for 2014. The Organization also received contributions in the amount of \$54,226 from various corporations in which three of the members of the Organization's board are shareholders and officers. The Organization also used the services of these corporations in the amount of \$21,187 for hosting fundraising events. In addition, \$10,000 of the donated legal services referred to in Note 4 is from a board member.

A board member of ESF Dream Camp is also a board member of the Organization and ESF Dream Camp hired the Organization to run its food service program and paid the Organization \$66,109 for 2014.

The Organization uses office space that is leased by Vetri Management Company, a related party, and the Organization paid rent in the amount of \$37,575 for the year ended December 31, 2014. The lease is effective on a month to month basis effective January 1, 2015.

**VETRI FOUNDATION FOR CHILDREN
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

Vetri Management Company also provides limited human resources administrative services to the Organization at no additional charge covering payroll, insurance benefits and the Organization's 401(k) retirement plan.

NOTE 6 RETIREMENT PLAN

All eligible employees of the Organization participate in a 401(k) Safe Harbor Plan. Employee contributions are matched 100% up to the first 3% of the employees' compensation and 50% for the next 2% of the employees' compensation. Employer match expense for the year ended December 31, 2014 was \$4,870.