

**JUST FOOD, INC.  
FINANCIAL STATEMENTS AND  
AUDITOR'S REPORT  
DECEMBER 31, 2007 & 2006**

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**JUST FOOD, INC.**

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## Independent Auditor's Report

### Board of Directors Just Food, Inc.

We have audited the accompanying statement of financial position of Just Food, Inc. as of December 31, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 audit provides 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 Just Food, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

*KBMG, LLC*

KBMG, LLC

April 18, 2008

**JUST FOOD, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2007 & 2006**

	2007	2006
<b>ASSETS</b>		
Cash	\$ 242,739	\$ 155,725
Accounts receivable	7,820	\$ -
Grants receivable	41,201	-
Fixed assets, net of accumulated depreciation	4,881	6,404
Other assets	<u>1,919</u>	<u>1,435</u>
 Total assets	 <u>\$ 298,560</u>	 <u>\$ 163,564</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 14,663	\$ 9,364
Deferred revenue	82,917	46,042
Loans payable	<u>34,682</u>	<u>49,942</u>
 Total liabilities	 <u>132,262</u>	 <u>105,348</u>
 Net assets		
Unrestricted	95,956	16,748
Temporarily restricted	<u>70,342</u>	<u>41,468</u>
 Total net assets	 <u>166,298</u>	 <u>58,216</u>
 Total liabilities and net assets	 <u>\$ 298,560</u>	 <u>\$ 163,564</u>

See accompanying notes to financial statements.

**JUST FOOD, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**Program Services**

	<b>Community Supported Agriculture</b>	<b>City Farms</b>	<b>Education and Outreach</b>	<b>TOTAL PROGRAM SERVICES</b>	<b>General and Administrative</b>	<b>TOTAL EXPENSES</b>
Salaries	\$ 102,808	\$ 98,758	\$ 135,794	\$ 337,360	\$ 26,705	\$ 364,065
Payroll taxes and benefits	19,522	18,753	25,786	64,061	5,071	69,132
Rent	10,000	5,250	5,250	20,500	5,250	25,750
Accounting and bookkeeping					14,973	14,973
Consultants & subcontractors	600	15,910	18,264	34,774		34,774
Insurance			334	334	3,622	3,956
Office expenses	174	327	12,292	12,793	4,432	17,225
Travel	9,657	1,451	1,361	12,469	1,371	13,840
Food purchases	36,300			36,300		36,300
Supplies and other expenses	32,797	5,952	8,133	46,882	15,403	62,285
Depreciation					2,769	2,769
Interest expense					1,888	1,888
Telephone	1,705	1,774	1,695	5,174	1,712	6,886
<b>Total expenses</b>	<b>\$ 213,563</b>	<b>\$ 148,175</b>	<b>\$ 208,909</b>	<b>\$ 570,647</b>	<b>\$ 83,196</b>	<b>\$ 653,843</b>

See accompanying notes to financial statements.

**JUST FOOD, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006**

	2007	2006
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 108,082	\$ 93,003
Adjustments to reconcile change in net assets to net cash (used by) provided by operating activities:		
Depreciation	2,769	4,132
Changes in operating assets and liabilities		
(Increase) Decrease in accounts receivable	(7,820)	-
(Increase) Decrease in grants receivable	(41,201)	7,000
(Increase) Decrease in other assets	(484)	(1,435)
Increase (Decrease) in accounts payable	5,299	(1,567)
Increase (Decrease) in deferred revenue	36,875	(79,231)
Net cash provided by operating activities	<u>103,520</u>	<u>21,902</u>
Cash flows used by investing activities		
Purchase of fixed assets	(1,246)	-
Cash flows provided by financing activities		
Increase (Decrease) in loans payable	<u>(15,260)</u>	<u>(12,444)</u>
<b>Net Increase (decrease) in cash</b>	87,014	9,458
<b>Cash, beginning of year</b>	<u>155,725</u>	<u>146,267</u>
<b>Cash, end of year</b>	<u><u>\$ 242,739</u></u>	<u><u>\$ 155,725</u></u>

See accompanying notes to financial statements.

**JUST FOOD, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
<b>Revenues</b>				
Foundation grants	\$ 317,729	\$ 72,000	\$ 389,729	\$ 454,767
Corporate grants and other support	76,262	-	76,262	18,310
Government grants	220,442	49,999	270,441	30,577
Individual Donations	23,319	-	23,319	24,605
Interest income	2,174	-	2,174	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	639,926	121,999	761,925	528,259
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets released from restrictions	93,125	(93,125)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue and Support	733,051	28,874	761,925	528,259
<b>Expenses</b>				
Program services				
Community supported agriculture	213,563	-	213,563	134,676
City farms	148,175	-	148,175	142,078
Education and outreach	208,909	-	208,909	91,205
	<hr/>	<hr/>	<hr/>	<hr/>
Total program services	570,647	-	570,647	367,959
Support Services				
General and administrative	83,196	-	83,196	67,297
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	653,843	-	653,843	435,256
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Change in net assets</b>	79,208	28,874	108,082	93,003
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Assets- Beginning of Year</b>	16,748	41,468	58,216	(34,787)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Assets - End of Year</b>	<u>\$ 95,956</u>	<u>\$ 70,342</u>	<u>\$ 166,298</u>	<u>\$ 58,216</u>

See accompanying notes to financial statements

# JUST FOOD, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007 & 2006

### SUMMARY OF ACCOUNTING POLICIES

#### Organization

Just Food, Inc. is a non-profit organization that works to develop a just and sustainable food system in the New York City region. Just Food's primary programs are Community Supported Agriculture in New York City and The City Farms. Both offer workshops, training materials, and consultation to accomplish their goals.

Community Supported Agriculture helps to support family farms that are struggling to stay in business, while providing city folks, particularly in low-income neighborhoods, with access to good, affordable produce.

Just Food's City Farms program works to increase food production, marketing and distribution via community gardens throughout NYC.

Under an education and outreach program Just Food offers cooking demonstrations, print and electronic newsletters and hosts conferences to foster learning and networking opportunities for New York City communities which helps to build the community food security/food justice movement.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report 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.

#### Restricted and Unrestricted Revenue

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 purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature or 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.

## **JUST FOOD, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2007 & 2006**

#### **Tax-exempt Status**

The organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### **Donated Services**

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs. The Organization also receives a substantial amount of donated services from AmeriCorps\*VISTA.

#### **Furniture and Equipment**

Furniture and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

#### **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.

#### **Cash Equivalents**

Cash equivalents are short - term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity (three months or less) that they present insignificant risk of changes in value because of changes in interest rates.

#### **Expense Allocation**

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities and in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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**JUST FOOD, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2007 & 2006**

**Property and Equipment**

As of December 31, 2007 and 2006, property and equipment consist of the following:

	<u>2007</u>	<u>2006</u>
Office equipment	\$20,248	\$19,002
Accumulated depreciation	<u>15,367</u>	<u>12,598</u>
	<u>\$ 4,881</u>	<u>\$ 6,404</u>

**OPERATING LEASE COMMITMENTS**

On July 1, 2005 the organization moved their operations and entered into a new three year lease for office space. The monthly rental payment in 2007 under the new lease was \$2,125 per month.

**LOANS PAYABLE**

In June, 2005 the organization signed a \$54,000 note payable with Equity Trust. The loan runs through July, 2010. The total monthly payment of principal and interest is \$1,019. The balance due on the loan at December 31, 2007 is \$28,682. Also included in loans payable is a loan made to the organization by a board member. The loan is a short term non interest bearing loan for \$25,000 which was used for operations. The balance due on the loan at December 31, 2007 was \$6,000.

**JUST FOOD, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2007 & 2006**

**TEMPORARILY RESTRICTED NET ASSETS**

Temporarily Restricted Net Assets at December 31, 2007 consists of the following:

Heifer International	\$29,286
Project For Public Spaces	19,780
New York State Department of Agriculture	<u>21,276</u>
Total	<u>\$70,342</u>