

**NOURISHKC**  
**(fka EPISCOPAL COMMUNITY SERVICES, INC.)**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

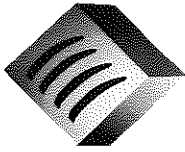


**HOUSE PARK DOBRATZ & WIEBLER, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**NOURISHKC**  
**(fka EPISCOPAL COMMUNITY SERVICES, INC.)**  
YEARS ENDED DECEMBER 31, 2017 AND 2016

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**HOUSE PARK DOBRATZ & WIEBLER, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditors' Report**

Board of Directors  
NourishKC (fka Episcopal Community Services, Inc.)  
Kansas City, Missouri

We have audited the accompanying financial statements of NourishKC (fka Episcopal Community Services, Inc.) (the Organization) which comprise the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities and changes in net assets (deficit), 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 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 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 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, 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NourishKC (fka Episcopal Community Services, Inc.) as of December 31, 2017 and 2016, 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..

*House Park Dobratz & Wiebler, P.C.*

Kansas City, Missouri  
June 12, 2018

**NOURISHKC**

**(fka EPISCOPAL COMMUNITY SERVICES, INC.)**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2017 AND 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
Cash	\$ 96,762	\$ 49,807
Contributions receivable, no allowance considered necessary	179,298	139,613
Prepaid expenses	25,012	6,746
Property and equipment (Note 2)	<u>25,322</u>	<u>3,961</u>
	<u>\$ 326,394</u>	<u>\$ 200,127</u>

**LIABILITIES AND NET ASSETS (DEFICIT)**

Line of credit (Note 3)	\$ 75,000	\$ 75,000
Accounts payable	36,551	553
Accrued expenses (Note 4)	55,105	10,135
Retirement plan contributions payable (Note 5)	<u>20,931</u>	<u>20,931</u>
	<u>187,587</u>	<u>106,619</u>
Net assets (deficit):		
Net deficit, unrestricted assets	( 204,401)	( 43,231)
Net assets, temporarily restricted	<u>343,208</u>	<u>136,739</u>
	<u>138,807</u>	<u>93,508</u>
	<u>\$ 326,394</u>	<u>\$ 200,127</u>

See notes to financial statements.

**NOURISHKC**

(fka EPISCOPAL COMMUNITY SERVICES, INC.)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)

YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues:			
Contributions and grants:			
Churches and religious organizations	\$ 144,532	\$ 2,500	\$ 147,032
Individuals	222,060	84,481	306,541
Foundations	171,211	262,526	433,737
United Way	5,329		5,329
Corporations	1,146,145	5,000	1,151,145
Federal government contracts	19,684		19,684
Special events:			
Gross revenue	34,289		34,289
Direct donor benefits	( 5,434)		( 5,434)
Other income, net	24,007		24,007
Net assets released from restrictions- satisfaction of purpose restrictions	<u>148,038</u>	<u>( 148,038)</u>	
Total revenues	<u>1,909,861</u>	<u>206,469</u>	<u>2,116,330</u>
Expenses:			
Program services:			
Community Kitchen	1,024,832		1,024,832
Culinary Cornerstones	161,171		161,171
Food Rescue	143,286		143,286
Hunger Relief	<u>444,665</u>		<u>444,665</u>
	1,773,954		1,773,954
Supporting services:			
General and administrative	186,662		186,662
Development and fundraising	<u>110,415</u>		<u>110,415</u>
Total expenses	<u>2,071,031</u>		<u>2,071,031</u>
Change in net assets	( 161,170)	206,469	45,299
Net assets (deficit), beginning of year	<u>( 43,231)</u>	<u>136,739</u>	<u>93,508</u>
Net assets (deficit), end of year	<u>(\$ 204,401)</u>	<u>\$ 343,208</u>	<u>\$ 138,807</u>

See notes to financial statements.

**NOURISHKC**

(fka EPISCOPAL COMMUNITY SERVICES, INC.)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)

YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues:			
Contributions and grants:			
Churches and religious organizations	\$ 149,102		\$ 149,102
Individuals	158,393		158,393
Foundations	189,085	\$ 248,618	437,703
United Way	15,000		15,000
Corporations	752,264		752,264
Federal government contracts		5,647	5,647
Special events:			
Gross revenue	65,473		65,473
Direct donor benefits	( 4,303)		( 4,303)
Other income, net	5,619		5,619
Net assets released from restrictions- satisfaction of purpose restrictions	<u>181,831</u>	<u>( 181,831)</u>	
Total revenues	<u>1,512,464</u>	<u>72,434</u>	<u>1,584,898</u>
Expenses:			
Program services:			
Community Kitchen	970,222		970,222
Culinary Cornerstones	104,423		104,423
Food Rescue	64,822		64,822
Other network activities	<u>11,757</u>		<u>11,757</u>
	1,151,224		1,151,224
Supporting services:			
General and administrative	220,948		220,948
Development and fundraising	<u>63,698</u>		<u>63,698</u>
Total expenses	<u>1,435,870</u>		<u>1,435,870</u>
Change in net assets	76,594	72,434	149,028
Net assets (deficit), beginning of year	( 119,825)	<u>64,305</u>	( 55,520)
Net assets (deficit), end of year	<u>(\$ 43,231)</u>	<u>\$ 136,739</u>	<u>\$ 93,508</u>

See notes to financial statements

NOURISHKC

(fka EPISCOPAL COMMUNITY SERVICES, INC.)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program services							
	Community Kitchen	Culinary Cornerstones	Food Rescue	Hunger Relief	Total Program	General and Administrative	Development and Fundraising	Total
Salaries and wages	\$ 166,682	\$ 101,704	\$ 111,592		\$ 379,978	\$ 106,104	\$ 57,209	\$ 543,291
Payroll taxes	15,862	9,678	10,619		36,159	10,098	5,444	51,701
Employee benefits (Note 5)	7,946	4,848	5,320		18,114	5,057	2,727	25,898
Advertising and promotion	100				100	343	446	889
Contractual services		4,011			4,011	7,006	30,903	41,920
Depreciation (Note 2)	5,131				5,131			5,131
Equipment rental, repair and maintenance	12,932			\$ 2,185	15,117	2,457		17,574
Food and other program supplies	748,098	2,392	909	433,985	1,185,384	3,657	2,540	1,185,384
Insurance	5,258	3,694	4,589		13,541	2,250		19,738
Interest expense						7,395		2,250
Legal, audit and accounting								7,395
Memberships, dues and subscriptions	125			750	875	5,620	450	6,945
Occupancy expenses	53,202	7,292		7,493	67,987	7,706		75,693
Office supplies	690	84			774	2,817	590	4,181
Other	1,888	1,094	1,194	2	4,178	6,060	893	11,131
Postage	467	312			779	293	99	1,171
Printing						1,093	3,279	4,372
Software subscriptions	1,849	1,071			2,920	1,377	5,835	10,132
Telephone	442		442		884	7,961		8,845
Training	1,401	22,577		250	24,228	5,920		30,148
Travel	2,759	2,414	8,621		13,794	3,448		17,242
	<u>\$ 1,024,832</u>	<u>\$ 161,171</u>	<u>\$ 143,286</u>	<u>\$ 444,665</u>	<u>\$ 1,773,954</u>	<u>\$ 186,662</u>	<u>\$ 110,415</u>	<u>\$ 2,071,031</u>

See notes to financial statements.

**NOURISHKC**

**(fka EPISCOPAL COMMUNITY SERVICES, INC.)**

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2016

	Program services						Development and Fundraising	Total
	Community Kitchen	Culinary Cornerstones	Food Rescue	Other network activities	Total Program	General and Administrative		
Salaries and wages	\$ 130,376	\$ 64,368	\$ 39,649		\$ 234,393	\$ 140,667	\$ 43,416	\$ 418,476
Payroll taxes	9,414	5,001	2,868		17,283	18,146	1,479	36,908
Employee benefits (Note 5)	2,250	1,387	1,413		5,050	8,480	931	14,461
Advertising and promotion	50	50			100	93	527	720
Contractual services						4,074	7,894	11,968
Depreciation (Note 2)	1,984				1,984			1,984
Equipment rental, repair and maintenance	10,667		588	\$ 257	11,512	4,517	75	16,104
Food and other program supplies	770,310	190	9,049	11,500	791,049	238	87	791,374
Insurance	1,992	100	1,944		4,036	10,215		14,251
Interest expense						2,256		2,256
Legal, audit and accounting						6,500		6,500
Memberships, dues and subscriptions	140	1,500			1,640	3,509	525	5,674
Occupancy expenses	41,184	60	3,000		44,244	5,000		49,244
Office supplies	218	89			307	4,942	226	5,475
Other	( 922)			( 922)		3,639	1,659	4,376
Postage						634	1,073	1,707
Printing	435	90			525	1,113	4,227	5,865
Telephone	1,736	455	756		2,947	5,697	175	8,819
Training	270	30,216			30,486	926	10	31,422
Travel	118	917	5,555		6,590	302	1,394	8,286
	<u>\$ 970,222</u>	<u>\$ 104,423</u>	<u>\$ 64,822</u>	<u>\$ 11,757</u>	<u>\$ 1,151,224</u>	<u>\$ 220,948</u>	<u>\$ 63,698</u>	<u>\$ 1,435,870</u>

See notes to financial statements.



**NOURISHKC**

**(fka EPISCOPAL COMMUNITY SERVICES, INC.)**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 45,299	\$ 149,028
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,131	1,984
Changes in:		
Contributions receivable	( 39,685)	( 106,613)
Prepaid expenses	( 18,266)	1,799
Accounts payable	35,998	( 12,984)
Accrued expenses	44,970	6,585
Retirement plan contributions payable		( 8,508)
Net cash provided by operating activities	<u>73,447</u>	<u>31,291</u>
Cash flows from investing activities, purchase of property and equipment	( 26,492)	
Net increase in cash	46,955	31,291
Cash, beginning of year	<u>49,807</u>	<u>18,516</u>
Cash, end of year	<u>\$ 96,762</u>	<u>\$ 49,807</u>

See notes to financial statements.

## NOURISHKC

(fka EPISCOPAL COMMUNITY SERVICES, INC.)

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

#### 1. Organization and summary of significant accounting policies:

##### *Organization:*

NourishKC (fka Episcopal Community Services, Inc.) (ECS or the Organization) is a nonprofit organization incorporated in the State of Missouri in 1989. The Organization leads the Episcopal Hunger Relief Network, which is a cooperative network of hunger relief ministries offered by parishes within the Episcopal Dioceses of West Missouri and Kansas. The Organization's mission is to feed the hungry and to provide education and job training to the poor located in the Greater Kansas City metropolitan area through the programs described below.

Kansas City Community Kitchen serves hot, nutritious meals to those in need on the eastside of downtown Kansas City at 8<sup>th</sup> and Paseo.

Meals on Wheels provides hot, nutritious lunches to elderly and disabled individuals in midtown and the east side of Kansas City, Missouri.

Food rescue and pantry support picks up food items from local grocery stores to be used at the Kansas City Community Kitchen and in local food pantries.

BackSnack is a partnership involving Harvesters, ECS, elementary and middle schools and Episcopal parishes. Harvesters provides food and/or backpacks to various parishes. Volunteers at the parishes fill the backpacks with food and deliver them to schools. School officials distribute the backpacks to students in need.

##### *Basis of accounting:*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial transactions have been recorded in and reported by the following net asset groups:

Unrestricted net assets represent resources over which the Board of Directors has discretionary control.

Temporarily restricted net assets represent resources available for use currently or in the future, but are expendable only for purposes specified by the donor or within a donor-designated time period. Resources of these funds originate from gifts and grants.

Permanently restricted net assets are those contributions whose use by the Organization is limited by donor-imposed stipulations that the corpus be held in perpetuity. There were no permanently restricted net assets in 2017 or 2016.

## NOURISHKC

(fka EPISCOPAL COMMUNITY SERVICES, INC.)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2017 AND 2016

### 1. Organization and summary of significant accounting policies (continued):

#### *Basis of accounting (continued):*

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donor-restricted contributions or grants whose restrictions are met in the same reporting year are reported as unrestricted support.

#### *Contributed goods and services:*

The Organization receives in-kind donations of food and related items. Beginning in 2016, contributed food was valued using the weighted average wholesale price per pound as determined by the Feeding America national food bank network of \$1.67 per pound. For the years ended December 31, 2017 and 2016, contributed food was valued at \$1,081,272 and \$678,606, respectively, and was included in contributions from corporations and food and other program supplies expense.

The Organization receives in-kind donations of rent from unrelated parties. For the years ended December 31, 2017 and 2016, in-kind donations totaled \$68,199 and \$46,244, respectively, and were included in church and religious organization contributions.

Starting in 2017, the Organization began recording in-kind donations for utilities. For the year ended December 31, 2017, in-kind donations totaled \$14,298 and were included in church and religious organization contributions.

Unpaid volunteers make contributions of their time to the Organization. The value of this contributed time is not reflected in these financial statements since it did not enhance non-financial assets or require specialized skills.

#### *Property and equipment and depreciation:*

Property and equipment are stated at cost, if purchased, and at fair market value at date of gift, if donated. Expenditures for property and equipment in excess of \$1,000 are capitalized. Depreciation is provided by the straight-line method over the estimated useful lives of the assets ranging from three to ten years.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

## NOURISHKC

(fka EPISCOPAL COMMUNITY SERVICES, INC.)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2017 AND 2016

### 1. Organization and summary of significant accounting policies (continued):

#### *Use of estimates:*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount 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.

#### *Methods used for allocation of functional expenses:*

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Those expenses include payroll, travel expense and insurance. The expenses are allocated based on estimates of percentages applicable to each program or supporting function.

#### *Income taxes:*

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization follows GAAP related to uncertain tax positions. The Organization's accounting policy is to provide liabilities for uncertain income tax provisions when a liability is probable and estimable.

The Organization had no uncertain income tax positions for the years ended December 31, 2017 and 2016, and is not aware of any violation of its tax status as an organization exempt from income taxes. The Organization is no longer subject to audits for Federal or state purposes for periods prior to calendar 2014.

#### *Concentrations:*

Revenues are primarily from foundations, businesses and individuals in the Greater Kansas City area. Changes in economic conditions could affect the donors' ability to continue to make those donations.

In 2017 and 2016, no single donor contributed in excess of 10% of total revenues.

For the years ended December 31, 2017 and 2016, the Organization received in-kind donations representing approximately 55% and 43% of total revenue, respectively.

#### *Subsequent events:*

Subsequent events have been evaluated through June 12, 2018, which is the date the financial statements were available to be issued.

**NOURISHKC**

(fka EPISCOPAL COMMUNITY SERVICES, INC.)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2017 AND 2016

**2. Property and equipment:**

	<u>2017</u>	<u>2016</u>
Kitchen equipment	\$ 34,013	\$ 34,013
Vehicles	<u>52,362</u>	<u>25,870</u>
	86,375	59,883
Accumulated depreciation	( <u>61,053</u> )	( <u>55,922</u> )
	<u>\$ 25,322</u>	<u>\$ 3,961</u>

Depreciation expense was \$5,131 and \$1,984 for the years ended December 31, 2017 and 2016, respectively.

**3. Line of credit:**

The Organization has a line of credit debt with The Diocese of West Missouri for \$75,000. The line is unsecured and accrues interest at 3%. Interest is payable monthly and the line of credit matured on August 21, 2015. No new line of credit agreement has been signed. All interest costs have been expensed and are included in accrued interest (Note 4).

**4. Accrued expenses:**

	<u>2017</u>	<u>2016</u>
Interest (Note 3)	\$ 7,570	\$ 5,320
Credit card payable	15,018	929
Insurance premiums payable	18,466	
Payroll	9,991	2,901
Other	<u>4,060</u>	<u>985</u>
	<u>\$ 55,105</u>	<u>\$ 10,135</u>

**5. Retirement plan:**

The Organization participated in The Episcopal Church Lay Employees' Defined Contribution Retirement Plan (the Plan). Employees were required to complete 1,000 hours of service per year to be eligible to participate in the Plan. The Organization contributed 5% of each eligible employee's salary to the Plan. Effective January 1, 2016, the Organization withdrew from the Plan. Amounts owed to the Plan are as follows:

	<u>2017</u>	<u>2016</u>
2012 contributions	\$ 8,555	\$ 8,555
2013 contributions	6,234	6,234
2014 contributions	4,275	4,275
2015 contributions	<u>1,867</u>	<u>1,867</u>
	<u>\$ 20,931</u>	<u>\$ 20,931</u>

**NOURISHKC**

**(fka EPISCOPAL COMMUNITY SERVICES, INC.)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**5. Retirement plan (continued):**

Upon payment of the amounts owed, the Plan will calculate any gains or losses each employee would have earned if the contributions had been paid timely and considering the investment choices of each employee. The Plan will then notify the Organization of any additional amounts due for investment earnings. No accrual has been recorded for the potential investment earnings as the amount cannot be determined with any degree of accuracy.