

WE DON'T WASTE, INC.
FINANCIAL STATEMENTS
December 31, 2017 and 2016

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JOHN CUTLER & ASSOCIATES

Board of Directors
We Don't Waste, Inc.
Denver, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of We Don't Waste, Inc., which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 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 the We Don't Waste, Inc. as of December 31, 2017 and 2016, and the changes in net assets, cash flows, and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The appendices have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

John Cutler & Associates, LLC

May 18, 2018

WE DON'T WASTE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash	\$ 796,256	\$ 533,418
Accounts Receivable	100,000	-
Prepaid Expenses	9,000	4,756
Total Current Assets	<u>905,256</u>	<u>538,174</u>
Property and Equipment		
Equipment	15,000	-
Leasehold Improvements	83,535	-
Vehicles	225,634	225,634
Less: Accumulated Depreciation	<u>(151,907)</u>	<u>(69,614)</u>
Total Property and Equipment, Net	<u>172,262</u>	<u>156,020</u>
TOTAL ASSETS	<u>\$ 1,077,518</u>	<u>\$ 694,194</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	<u>\$ 69,992</u>	<u>\$ 9,760</u>
Total Current Liabilities	<u>69,992</u>	<u>9,760</u>
NET ASSETS		
Unrestricted	877,526	684,434
Temporarily Restricted	<u>130,000</u>	<u>-</u>
Total Net Assets	<u>1,007,526</u>	<u>684,434</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,077,518</u>	<u>\$ 694,194</u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grants and Contributions	\$ 807,951	\$ 130,000	\$ 937,951
In Kind - Food Contributions	28,001,985	-	28,001,985
In Kind - Non Food Contributions	15,000	-	15,000
Interest Income	409	-	409
	<u>28,825,345</u>	<u>130,000</u>	<u>28,955,345</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
EXPENSES			
Program Services	303,073	-	303,073
In Kind - Food Distribution	28,016,985	-	28,016,985
	<u>28,320,058</u>	<u>-</u>	<u>28,320,058</u>
Total Program Services			
Supporting Services			
General and Administrative	134,276	-	134,276
Fundraising	177,919	-	177,919
	<u>312,195</u>	<u>-</u>	<u>312,195</u>
Total Supporting Services			
TOTAL EXPENSES	<u>28,632,253</u>	<u>-</u>	<u>28,632,253</u>
CHANGE IN NET ASSETS	193,092	130,000	323,092
NET ASSETS, Beginning	<u>684,434</u>	<u>-</u>	<u>684,434</u>
NET ASSETS, Ending	<u>\$ 877,526</u>	<u>\$ 130,000</u>	<u>\$ 1,007,526</u>

The accompanying notes are an integral part of the financial statements.

WE DONT' WASTE, INC.

STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grants and Contributions	\$ 455,045	\$ -	\$ 455,045
In Kind - Food Contributions	32,755,517	-	32,755,517
Interest Income	353	-	353
Unrealized Loss on Investments	(832)	-	(832)
Net Assets Released from Restriction	100,000	(100,000)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	33,310,083	(100,000)	33,210,083
EXPENSES			
Program Services	280,995	-	280,995
In Kind - Food Distribution	32,755,517	-	32,755,517
Total Program Services	33,036,512	-	33,036,512
Supporting Services			
General and Administrative	95,403	-	95,403
Fundraising	127,693	-	127,693
Total Supporting Services	223,096	-	223,096
TOTAL EXPENSES	33,259,608	-	33,259,608
CHANGE IN NET ASSETS	50,475	(100,000)	(49,525)
NET ASSETS, Beginning	633,959	100,000	733,959
NET ASSETS, Ending	\$ 684,434	\$ -	\$ 684,434

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF CASH FLOWS
Year Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 323,092	\$ (49,525)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Increase in Accounts Receivable	(100,000)	-
(Increase) Decrease in Prepaids	(4,244)	(4,756)
Increase (Decrease) in Accounts Payable	60,232	726
Donated Property	(15,000)	-
Depreciation	<u>82,293</u>	<u>39,910</u>
Net Cash Provided by Operating Activities	<u>346,373</u>	<u>(13,645)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property	<u>(83,535)</u>	<u>(48,607)</u>
NET INCREASE (DECREASE) IN CASH	262,838	(62,252)
CASH, Beginning	<u>533,418</u>	<u>595,670</u>
CASH, Ending	<u>\$ 796,256</u>	<u>\$ 533,418</u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	Program Services		Support Services		Totals
	Program Expenses	Food Distribution	Management and General	Fundraising	
Board Expense	\$ -	\$ -	\$ 7,186	\$ -	\$ 7,186
Depreciation and Amortization	47,281	-	22,021	12,991	82,293
Dues and Subscriptions	-	-	-	3,818	3,818
Events	-	-	-	46,519	46,519
Food	-	28,016,985	-	-	28,016,985
Insurance	19,672	-	3,315	2,608	25,595
License and Fees	507	-	-	-	507
Office Expenses	2,527	-	1,177	926	4,630
Other Expenses	1,150	-	535	6,346	8,031
Payroll Fees	3,728	-	1,736	1,366	6,830
Postage and Delivery	-	-	-	192	192
Printing and Reproduction	-	-	197	1,621	1,818
Professional Services	11,612	-	5,408	18,564	35,584
Rent	16,024	-	7,463	5,872	29,359
Repairs and Maintenance	17,554	-	-	-	17,554
Salaries and Wages	181,875	-	84,706	66,645	333,226
Training and Travel	1,143	-	532	419	2,094
Website	-	-	-	10,032	10,032
	<u>\$ 303,073</u>	<u>\$ 28,016,985</u>	<u>\$ 134,276</u>	<u>\$ 177,919</u>	<u>\$ 28,632,253</u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

	Program Services		Support Services		Totals
	Program Expenses	Food Distribution	Management and General	Fundraising	
Board Expense	\$ -	\$ -	\$ 4,864	\$ -	\$ 4,864
Depreciation and Amortization	39,910	-	-	-	39,910
Dues and Subscriptions	-	-	-	-	-
Events	-	-	-	-	-
Food	-	32,755,517	-	-	32,755,517
Grants Expense	-	-	-	91,969	91,969
Insurance	18,638	-	5,565	1,589	25,792
License and Fees	-	-	-	77	77
Office Expenses	-	-	-	-	-
Other Expenses	-	-	2,946	-	2,946
Payroll Fees	-	-	6,654	-	6,654
Postage and Delivery	-	-	-	-	-
Printing and Reproduction	-	-	-	-	-
Professional Services	6,890	-	2,544	1,166	10,600
Rent	-	-	-	-	-
Repairs and Maintenance	18,999	-	-	-	18,999
Salaries and Wages	192,869	-	71,213	32,639	296,721
Telecommunications	1,499	-	554	253	2,306
Training and Travel	-	-	1,063	-	1,063
Website	2,190	-	-	-	2,190
	<u>\$ 280,995</u>	<u>\$ 32,755,517</u>	<u>\$ 95,403</u>	<u>\$ 127,693</u>	<u>\$ 33,259,608</u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – We Don't Waste, Inc. (the "Organization") is a Colorado nonprofit corporation which was incorporated in July 2009. The Organization's mission is to resource surplus food from venues, events, caterers, restaurants, and other major food distributors and deliver the products to community-based non-profit agencies serving vulnerable populations to increase food security within those populations. The Organization enables community agencies to feed the needy, serving as the link between food sources and the underserved. We support the community and the environment by reclaiming and redistributing quality food to those in need. The Organization resources surplus food from venues, events, caterers, restaurants, and other major food distributors and deliver the products to community-based non-profit agencies serving vulnerable populations to increase food security within those populations, while reducing the amount of food destined for landfills.

Basis of Reporting – The Organization's financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation – The Organization reports its financial position and activities in three classes of net assets; unrestricted, temporarily restricted and permanently restricted. The Organization does not have any permanently restricted net assets.

Cash and Cash Equivalents – For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions – Contributions received are recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Support that is restricted by the donor is reported as unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Temporary restricted net assets are reclassified to unrestricted net assets when the donor restriction is satisfied.

Revenue Recognition – All revenues are recognized as earned.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the program and supporting services.

Income Tax Status – The Organization is incorporated and registered as a Colorado Non-profit corporation. They received their 501(c)(3) designation from the Internal Revenue Service in May of 2011.

Subsequent Events – Potential subsequent events were considered through May 8, 2018.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 2: TEMPORARILY RESTRICTED NET ASSETS

The Organization reported \$130,000 of temporarily restricted net assets for the year ended December 31, 2017 for operation of the distribution center and purchase of equipment. As of December 31, 2016, the Organization had temporarily restricted net assets in the amount of \$100,000 for leasehold improvements in connection of a newly acquired rental warehouse space and a refrigerated truck which were released in 2016 due to satisfaction of the requirements.

NOTE 3: IN-KIND DONATIONS

During the year the Organization received donated food, property and other supplies and services. For the years ended December 31, 2017 and 2016, the amount of in-kind donations totaled \$28,016,985 (29,942,867 servings) and \$32,755,021 (25,203,950 servings), respectively. These amounts are recorded as contribution revenue and expense in the financial statements.

A number of volunteers have donated time in connection with Organization's activities. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition under SFAS No. 116.

APPENDIX

APPENDIX A - NONPROFIT REPORT

History

We Don't Waste, founded in 2009, concluded its eighth year of operation, the first three under the fiscal umbrella of an established 501(c)(3). In 2011, We Don't Waste secured its 501(c)(3) and has operated successfully ever since as its own independent entity.

Servings of Food and Valuation

In 2016, We Don't Waste recovered and distributed 25,203,950 servings of food equal to 8,400,304 meals with a value of over \$32M and saved more than 3.5 million tons of food from the landfill.

By the end of 2017, We Don't Waste increased its productivity by recovering just under 30 million servings or almost 10 million meals. The value of the food recovered was over \$28M. By providing the food to over 75 different community-based agencies throughout the Metro Denver area, We Don't Waste was able to provide each meal delivered at a cost of \$.05.

The value of the service of We Don't Waste to community-based agencies allows each agency to provide more nutritious food to their clients as almost 50% of the food distributed is comprised of fresh fruit, vegetables, lean protein and dairy, while at the same time saving agencies substantial sums of money from their food budgets for use in expanding other programming.

Financial Position

The We Don't Waste net position increased by \$323,092 for the year ended 12/31/2017. In the view of management, the entity is in a solid financial condition with no long-term debt.