



CHEZ PANISSE FOUNDATION

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
JUNE 30, 2008 AND JUNE 30, 2007

Mann, Urrutia, Nelson, CPAs & Associates, LLP
2515 Venture Oaks Way, Suite 135
Sacramento, CA 95833

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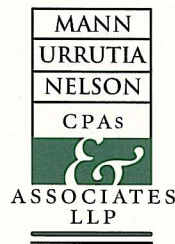
ROSEVILLE OFFICE

2901 Douglas Boulevard, Suite 290

Roseville, CA 95661

TEL 916 774-4208

FAX 916 774-4230



SACRAMENTO OFFICE

2515 Venture Oaks Way, Suite 135

Sacramento, CA 95833

TEL 916 929-0540

FAX 916-929-0541

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Chez Panisse Foundation
Oakland, California

We have audited the accompanying statements of financial position of Chez Panisse Foundation (a non-profit organization) as of June 30, 2008 and June 30, 2007 and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 audits 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 Chez Panisse Foundation as of June 30, 2008 and June 30, 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.

Sacramento, California
September 29, 2008

PRINCIPALS

Chris A. Mann, CPA, CFP • John R. Urrutia, CPA • Michelle O. Nelson, CPA, CFE, CVA • Christine L. Collins, EA

Kriss Ann Mann, CPA CCPS • Justin J. Williams, CPA

CHEZ PANISSE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

Current Assets:

Cash and cash equivalents (Note 2)	\$ 533,209
Unconditional promises to give (Note 3)	350,370
Investments (Note 4)	1,940,072
Restricted investments (Note 4)	717,678
Prepaid expenses	<u>6,789</u>
Total Current Assets	<u>3,548,118</u>

Property and Equipment (Note 5)

Property and Equipment	138,852
Less: Accumulated depreciation	<u>(44,647)</u>
Total Property and Equipment	<u>94,205</u>

Total Assets

\$ 3,642,323

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 18,763
Accrued expenses	42,144
Deferred Revenue	<u>29,151</u>
Total Current Liabilities	<u>90,058</u>

Net Assets

Unrestricted	2,541,882
Temporarily restricted	<u>1,010,383</u>
Total Net Assets	<u>3,552,265</u>

Total Liabilities and Net Assets

\$ 3,642,323

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

CHEZ PANISSE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Grants and contributions	\$ 1,185,530	\$ 531,923	\$ 1,717,453
Other	5,740	-	5,740
Dividends and interest (Note 4)	114,932	-	114,932
Unrealized gains (losses)	<u>(32,193)</u>	<u>-</u>	<u>(32,193)</u>
Total Support and Revenue	<u>1,274,009</u>	<u>531,923</u>	<u>1,805,932</u>
Special Events			
Special event revenue	212,866	-	212,866
Special event expense	<u>(87,122)</u>	<u>-</u>	<u>(87,122)</u>
Net special events	<u>125,744</u>	<u>-</u>	<u>125,744</u>
Net assets released from restrictions	372,430	(372,430)	-
Total Revenues	<u>1,772,183</u>	<u>159,493</u>	<u>1,931,676</u>
Expenses			
Program services	1,071,752	-	1,071,752
Support services			
Management and general	103,720	-	103,720
Fundraising	<u>138,156</u>	<u>-</u>	<u>138,156</u>
Total Expenses	<u>1,313,628</u>	<u>-</u>	<u>1,313,628</u>
Change in Net Assets	<u>458,555</u>	<u>159,493</u>	<u>618,048</u>
Net Assets - July 1, 2007	<u>2,083,327</u>	<u>850,890</u>	<u>2,934,217</u>
Net Assets - June 30, 2008	<u>\$ 2,541,882</u>	<u>\$ 1,010,383</u>	<u>\$ 3,552,265</u>

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

CHEZ PANISSE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management & General</u>	<u>Total</u>
Depreciation	\$ 4,191	\$ 796	\$ 318	\$ 5,305
Dues & subscriptions	312	89	33	434
Education - schoolyard	65,861	-	41	65,902
Employee benefits	73,991	13,387	3,950	91,328
Equipment	109	-	457	566
Grants	169,090	-	-	169,090
Insurance	1,119	206	1,528	2,853
Legal and accounting	2,537	466	7,161	10,164
Licenses and permits	-	-	160	160
Miscellaneous	1,004	1,758	1,267	4,029
Office supplies	8,064	2,218	421	10,703
Outside services	1,816	3,773	551	6,140
Payroll taxes	28,213	4,047	13,038	45,298
Postage and delivery	874	3,221	289	4,384
Printing	11,727	3,886	513	16,126
Professional fees	227,228	5,397	2,223	234,848
Rent	18,432	3,390	1,483	23,305
Repairs and maintenance	9,002	387	169	9,558
Salaries and wages	411,069	87,759	64,534	563,362
Staff development	4,811	601	595	6,007
Telephone	8,657	1,411	672	10,740
Travel	<u>23,645</u>	<u>5,364</u>	<u>4,317</u>	<u>33,326</u>
Total Expenses	<u>\$ 1,071,752</u>	<u>\$ 138,156</u>	<u>\$ 103,720</u>	<u>\$ 1,313,628</u>

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

CHEZ PANISSE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATIONS

Increase in Net Assets \$ 618,048

Adjustments to reconcile increase in net assets to net cash provided by operating activities.

Depreciation	5,305
Decrease in Unconditional promises to give	210,449
Decrease in Accounts payable	(24,467)
Increase in Accrued expenses	<u>20,425</u>
Net Cash Provided by Operating Activities	<u>829,760</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Acquisition of capital assets	<u>(13,021)</u>
Net cash Used by Capital Activities	<u>(13,021)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	<u>(2,535,389)</u>
Net Cash Used by Investing Activities	<u>(2,535,389)</u>

NET DECREASE IN CASH (1,718,650)

CASH AND CASH EQUIVALENTS, JUNE 30, 2007 2,251,858

CASH AND CASH EQUIVALENTS, JUNE 30, 2008 \$ 533,208

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

CHEZ PANISSE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

Current Assets:

Cash and cash equivalents (Note 2)	\$ 1,051,858
Restricted cash and cash equivalents (Note 2)	1,200,000
Unconditional promises to give (Notes 3)	560,819
Investments (Note 4)	<u>100,000</u>
Total Current Assets	<u>2,912,677</u>

Property and Equipment (Note 5)

Property and Equipment	125,831
Less: Accumulated depreciation	<u>(39,342)</u>
Total Property and Equipment	<u>86,489</u>

Total Assets \$ 2,999,166

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 43,230
Accrued expenses	<u>21,719</u>
Total Current Liabilities	<u>64,949</u>

Net Assets

Unrestricted	2,083,327
Temporarily restricted	<u>850,890</u>
Total Net Assets	<u>2,934,217</u>

Total Liabilities and Net Assets \$ 2,999,166

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

CHEZ PANISSE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Grants and contributions	\$ 1,132,846	\$ 1,107,679	\$ 2,240,525
Other	50,000	-	50,000
Dividends and interest (Note 4)	<u>83,462</u>	<u>-</u>	<u>83,462</u>
Total Support and Revenue	<u>1,266,308</u>	<u>1,107,679</u>	<u>2,373,987</u>
Special Events			
Special event revenue	467,985	-	467,985
Special event expense	<u>(64,144)</u>	<u>-</u>	<u>(64,144)</u>
Net special events	<u>403,841</u>	<u>-</u>	<u>403,841</u>
Net assets released from restrictions	594,822	(594,822)	-
Total Revenues	<u>2,264,971</u>	<u>512,857</u>	<u>2,777,828</u>
Expenses			
Program services	1,213,863	-	1,213,863
Support services			
Management and general	114,205	-	114,205
Fundraising	<u>158,146</u>	<u>-</u>	<u>158,146</u>
Total Expenses	<u>1,486,214</u>	<u>-</u>	<u>1,486,214</u>
Change in Net Assets	<u>778,757</u>	<u>512,857</u>	<u>1,291,614</u>
Net Assets - July 1, 2006	<u>1,304,570</u>	<u>338,033</u>	<u>1,642,603</u>
Net Assets - June 30, 2007	<u>\$ 2,083,327</u>	<u>\$ 850,890</u>	<u>\$ 2,934,217</u>

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

CHEZ PANISSE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management & General</u>	<u>Total</u>
Bank charges	\$ -	\$ 4,773	\$ 282	\$ 5,055
Depreciation	6,980	209	161	7,350
Dues & subscriptions	480	144	78	702
Education - school lunch	422,614	-	-	422,614
Education - schoolyard	74,991	-	-	74,991
Employee benefits	82,987	16,102	2,386	101,475
Equipment	1,965	381	293	2,639
Grants	129,100	-	-	129,100
Insurance	977	190	1,729	2,896
Interest Expense	-	-	66	66
Legal and accounting	-	-	11,329	11,329
Licenses and permits	-	-	195	195
Miscellaneous	646	2,329	1,824	4,799
Office supplies	6,600	2,274	503	9,377
Outside services	1,402	272	209	1,883
Payroll taxes	29,541	5,732	4,409	39,682
Postage and delivery	1,913	3,469	213	5,595
Professional fees	42,847	8,811	1,600	53,258
Printing	3,824	13,495	16	17,335
Rent	7,504	1,456	6,320	15,280
Repairs and maintenance	8,205	969	745	9,919
Salaries and wages	355,164	87,437	79,697	522,298
Staff development	1,997	310	238	2,545
Telephone	7,271	741	570	8,582
Travel	<u>26,855</u>	<u>9,052</u>	<u>1,342</u>	<u>37,249</u>
Total Expenses	\$ <u>1,213,863</u>	\$ <u>158,146</u>	\$ <u>114,205</u>	\$ <u>1,486,214</u>

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

CHEZ PANISSE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATIONS

Increase in Net Assets	\$ 1,291,614
Adjustments to reconcile increase in net assets to net cash provided by operating activities.	
Depreciation	7,350
Increase in Unconditional promises to give	(329,932)
Increase in Accounts payable	26,384
Increase in Accrued expenses	<u>16,621</u>
Net Cash Provided by Operating Activities	<u>1,012,037</u>
NET INCREASE IN CASH	<u>1,012,037</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	<u>1,239,821</u>
CASH AND CASH EQUIVALENTS, June 30, 2007	<u>\$ 2,251,858</u>

Supplemental Cash Flow Information

Cash paid during the period for interest	\$ 66
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The accompanying notes are an integral part of these financial statements.

CHEZ PANISSE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND JUNE 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

Chez Panisse Foundation (the "Foundation") is a non-profit incorporated organization whose purpose is to advocate for sustainable agriculture, and specifically to transform public education by supporting projects and curriculums engaging young people in gardening, cooking, preparation and sharing of food.

On April 1, 2005, the Chez Panisse Foundation took over the program of the Edible Schoolyard at King Middle School whose mission is to educate children about sustainable food systems and responsible food choices, and to cultivate their future stewardship of the land. The Edible Schoolyard programs reach 800 students at Martin Luther King Jr. Middle School, through daily classes held in their one-acre organic garden and kitchen classroom. As a pilot program, it inspires farm-to-school projects in California, throughout the country, and the world.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and are available for general operations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. 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.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. The Foundation has no permanently restricted net assets as of June 30, 2008 and 2007.

Cash and Cash Equivalents

The Foundation considers all temporary cash investments with an original maturity of three months or less to be cash equivalents.

Restricted Cash and Cash Equivalents

The Organization received restricted donations subject to donor imposed restrictions. When the restrictions are met the restricted cash can be used by the Organization to full fill the intended purpose of the contribution.

CHEZ PANISSE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND JUNE 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give

Management has determined that the unconditional promises to give balances are fully collectible; therefore has not recorded an allowance for doubtful accounts.

Property and Equipment

Furniture, fixtures, equipment, and leasehold improvements are recorded at cost or fair value, if donated, and depreciated on the straight line method over the estimated useful lives of the assets, ranging from three to ten years. It is the organization's policy to capitalize expenditures for these items in excess of \$1,000.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or 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. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their estimated fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributions of tangible assets are recorded at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The Organization received legal and lobbying services in the amount of \$13,529 and \$15,782 for fiscal year 2008 and 2007, respectfully.

CHEZ PANISSE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND JUNE 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

The Organization recognizes revenue from grants received for services to be rendered in the year in which the services are performed.

Income Taxes

The Foundation is exempt under Internal Revenue Code Section 501 (c) (3) and Section 23701(d) of the California Revenue and Taxation Code, therefore, no provision for income taxes has been made.

Compensated Absences

The expense and related liability associated with vested vacation leave is recognized as the benefits accrue to employees. No expense or liability is recognized for nonvesting benefits such as sick leave.

Program Cost Allocation

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

At June 30, 2008, cash and equivalents included \$501,041 held in commercial banks, \$100,000 of which was insured by the Federal Deposit Insurance Corporation. In addition, the Foundation had \$40,680 in cash and money market accounts, \$100,000 of which was insured by the Securities Investor Protection Corporation. At June 30, 2007, cash and cash equivalents included \$289,543 held in commercial banks, \$100,000 of which was insured by the Federal Deposit Insurance Corporation. In addition, the Foundation had \$1,985,680 in cash and money market accounts, \$100,000 of which was insured by the Securities Investor Protection Corporation.

CHEZ PANISSE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND JUNE 30, 2007

NOTE 3: UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recorded as receivables and revenue when received. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows.

Pledges are expected to be realized in the following periods:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
In one year or less	\$ 350,370	\$ 433,364
Between one year and five years	<u>-</u>	<u>135,945</u>
	<u>350,370</u>	<u>569,309</u>
Less discount, at 3%	<u>-</u>	<u>(8,490)</u>
	<u>\$ 350,370</u>	<u>\$ 560,819</u>

NOTE 4: INVESTMENTS

Short term, available-for-sale investments are carried at fair value and consisted of the following at June 30,

	<u>2008</u>	<u>2007</u>
Corporate Bonds	\$ 904,894	\$ 100,000
Equity Securities	<u>1,752,856</u>	<u>-</u>
Total	<u>\$ 2,657,750</u>	<u>\$ 100,000</u>

Interest income consisted of:

	<u>2008</u>	<u>2007</u>
Interest and dividends	114,932	83,462
Realized and unrealized gains (losses)	<u>(32,193)</u>	<u>-</u>
Total	<u>\$ 82,739</u>	<u>\$ 83,462</u>

CHEZ PANISSE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND JUNE 30, 2007

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment at June 30, consisted of the following:

	2008	2007
Fixtures	\$ 19,677	\$ 19,677
Equipment	27,845	23,786
Leasehold improvements	91,330	82,368
Less: Accumulated depreciation	(44,647)	(39,342)
Net Property and Equipment	\$ 94,205	\$ 86,489

Depreciation expense for the years ended June 30, 2008 and June 30, 2007 was \$5,305 and \$7,350, respectively.

NOTE 6: NET ASSETS

As of June 30, 2008 the net assets of the organization amounted to \$2,541,882 unrestricted and \$1,010,383 temporarily restricted. As of June 30, 2007, the net assets of the organization amounted to \$2,083,327 unrestricted and \$850,890 temporarily restricted.

NOTE 7: PENSION PLAN

Chez Panisse Foundation maintains a money purchase pension plan that covers employees who meet the plan's criteria. Contributions to the plan are at the discretion of the Board of Directors. During the years ended June 30, 2008 and June 30, 2007 contributions to the plan charged to operations amounted to \$22,390 and \$20,183, respectively.

NOTE 8: OPERATING LEASE

Chez Panisse Foundation leases its facilities on a month-to-month basis. During the year ended June 30, 2008 and June 30, 2007, total rent expense charged to operations amounted to \$23,305 and \$15,280, respectively.

NOTE 9: CONCENTRATION OF CREDIT RISK

The Foundation maintains large balances which exceed federally insured limits. The organization has not experienced any losses in such accounts. Management believes the organization is not exposed to any significant credit risk.