

The Lunchbox Fund

Financial Report
December 31, 2016 and 2016

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Independent Auditor's Report

RSM US LLP

Board of Directors
The Lunchbox Fund

Report on the Financial Statements

We have audited the accompanying financial statements of The Lunchbox Fund, which comprise the statements of financial position as of December 31, 2016 and 2015, the related statements of activities, 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.

Auditor's 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 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 Lunchbox Fund as of December 31, 2016 and 2015, 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.

RSM US LLP

New York, New York
January 25, 2018

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The Lunchbox Fund

**Statements of Financial Position
December 31, 2016 and 2015**

	2016	2015
Assets		
Cash	\$ 343,577	\$ 320,003
Contributions receivable	249,986	93,985
Prepaid expenses	13,446	12,000
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Total assets	\$ 607,009	\$ 425,988
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Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 628	\$ 155
Total liabilities	628	155
	<hr/>	<hr/>
Net assets:		
Unrestricted	361,606	425,833
Temporarily restricted	244,775	-
Total net assets	606,381	425,833
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Total liabilities and net assets	\$ 607,009	\$ 425,988
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See notes to financial statements.

The Lunchbox Fund

**Statements of Activities
Years Ended December 31, 2016 and 2015**

	2016			2015 Total (Unrestricted)
	Unrestricted	Temporarily Restricted	Total	
Contributions and revenue:				
Contributions	\$ -	\$ 258,505	\$ 258,505	\$ 113,140
Special event revenue	-	206,847	206,847	326,316
Less: direct cost of donor benefit	(64,227)	-	(64,227)	(62,362)
Net special event income	(64,227)	206,847	142,620	263,954
Net assets released from restrictions	220,577	(220,577)	-	-
Total contributions and revenue	156,350	244,775	401,125	377,094
Expenses:				
Program	178,896	-	178,896	130,078
Management and general	20,218	-	20,218	17,792
Fundraising	21,463	-	21,463	19,555
Total expenses	220,577	-	220,577	167,425
Change in net assets	(64,227)	244,775	180,548	209,669
Net assets:				
Beginning	425,833	-	425,833	216,164
Ending	\$ 361,606	\$ 244,775	\$ 606,381	\$ 425,833

See notes to financial statements.

The Lunchbox Fund

**Statements of Functional Expenses
Years Ended December 31, 2016 and December 31, 2015**

	2016				
	Program Services	Management and General	Fund- Raising	Total Supporting Services	Total
Salaries	\$ 15,000	\$ 10,799	\$ 13,801	\$ 24,600	\$ 39,600
Payroll taxes and benefits	1,415	1,018	1,301	2,319	3,734
Grant expense	150,000	-	-	-	150,000
Office expenses	314	227	290	517	831
Travel and transportation	5,568	-	-	-	5,568
Professional fees	3,038	5,591	2,795	8,386	11,424
Bank fees	2,155	1,551	1,983	3,534	5,689
Miscellaneous	1,406	1,032	1,293	2,325	3,731
Subtotal of expenses	178,896	20,218	21,463	41,681	220,577
Special event - direct cost	-	-	64,227	64,227	64,227
Total expenses	\$ 178,896	\$ 20,218	\$ 85,690	\$ 105,908	\$ 284,804

	2015				
	Program Services	Management and General	Fund- Raising	Total Supporting Services	Total
Salaries	\$ 16,465	\$ 9,221	\$ 12,514	\$ 21,735	\$ 38,200
Payroll taxes and benefits	1,524	853	1,158	2,011	3,535
Grant expense	100,000	-	-	-	100,000
Office expenses	2,054	1,151	1,562	2,713	4,767
Travel and transportation	4,151	-	-	-	4,151
Professional fees	2,025	4,498	1,540	6,038	8,063
Bank fees	2,395	1,341	1,820	3,161	5,556
Miscellaneous	1,464	728	961	1,689	3,153
Subtotal of expenses	130,078	17,792	19,555	37,347	167,425
Special event - direct cost	-	-	62,362	62,362	62,362
Total expenses	\$ 130,078	\$ 17,792	\$ 81,917	\$ 99,709	\$ 229,787

See notes to financial statements.

The Lunchbox Fund

Statements of Cash Flows Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 180,548	\$ 209,669
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in operating assets and liabilities:		
Increase in contributions receivables	(156,001)	(91,939)
Increase in prepaid expenses	(1,446)	(12,000)
Increase (decrease) in accounts payable and accrued expenses	473	(11)
Net cash provided by operating activities	23,574	105,719
Increase in cash	23,574	105,719
Cash:		
Beginning	320,003	214,284
Ending	\$ 343,577	\$ 320,003

See notes to financial statements.

The Lunchbox Fund

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

The Lunchbox Fund (the Fund) is a not-for-profit organization founded in California in 2004. It focuses on fostering education via nutrition by providing a daily meal for orphaned and at-risk school children in township and rural areas nationwide across South Africa.

Basis of accounting and financial statement presentation: The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

Net asset classifications: Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Fund and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that will be met either by actions of the Fund or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Fund or, in the case of perpetual trusts, by third parties. Generally, the donors of these assets permit the Fund to use all or part of the income earned for program purposes. The Fund does not have any permanently restricted net assets as of December 31, 2016 and 2015.

Cash: The Fund maintains cash in bank accounts which, at times, may exceed federally insured limits. The Fund has not experienced any losses in such accounts.

Contribution revenue and contributions receivable: Revenue is reported as increases in unrestricted net assets unless its use is limited by donor-imposed restrictions. Effective January 1, 2016, the Fund committed to their potential donors that all contributions would be restricted for grant-making purposes through its solicitation materials and other publications unless otherwise restricted by the donor. Interest and gains and losses on other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions, which include unconditional promises to give, are recognized as revenue in the period received.

For the year ended December 31, 2016, one donor accounted for approximately 44% of total contributions. For the year ended December 31, 2015, three donors accounted for approximately 37% of total contributions.

The Fund estimates an allowance for bad debts based on historical factors related to the donor's ability to pay and current economic trends. As of December 31, 2016 and 2015, management determined that no allowance was required.

The Lunchbox Fund

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Expenses: Expenses are reported as decreases in unrestricted net assets. The cost of providing the various program and supporting services of the Fund have been summarized on a functional basis in the accompanying financial statements. Certain costs and expenses have been allocated between program services and supporting services on a reasonable basis as determined by management.

Income taxes: The Fund has been determined by the Internal Revenue Service to be a Section 501(c)(3) charitable organization exempt from federal income taxes under section 501(a) of the Internal Revenue Code (IRC). The Fund has been classified as a publicly supported organization and not as a private Fund under Section 509(a)(1) of the IRC and qualifies for the maximum charitable contribution deduction by donors.

Management evaluated the Fund's tax positions and concluded that the Fund had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Fund is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2013, which is the standard statute of limitations look-back period.

Recently issued accounting pronouncements: During August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier application is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management has not evaluated the impact of this ASU on the financial statements.

Subsequent events: The Fund evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was January 25, 2018 for these financial statements.

Note 2. Contributions Receivable

Contributions receivable at December 31, 2016 and 2015 amounted to \$249,986 and \$93,985, respectively, and are due to be collected within a year.

As of December 31, 2016 and 2015, approximately 96% and 98%, respectively, of the total contributions receivable balance were from two donors.

Note 3. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2016 amounted to \$244,775, which were restricted for grant-making purposes. There were no temporarily restricted net assets as of December 31, 2015.

During the year ended December 31, 2016, the Fund released temporarily restricted net assets of \$220,577 as the donors' restrictions were met.

The Lunchbox Fund

Notes to Financial Statements

Note 4. Related Party Transactions

A member of the board of directors of the Fund is also a member of the Board of the Lunchbox Fund South Africa (Lunchbox-SA), a registered not-for profit organization in South Africa. The Fund and Lunchbox-SA have a funding agreement in place, in which Lunchbox-SA is the grantee who delivers the Fund's programs in South Africa. During the years ended December 31, 2016 and 2015, the Fund granted Lunchbox-SA \$150,000 and \$100,000, respectively.