

The Lunchbox Fund

Financial Report
(Reviewed)
December 31, 2017

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RSM US LLP

Independent Accountant's Review Report

Board of Directors
The Lunchbox Fund

We have reviewed the accompanying financial statements of the Lunchbox Fund, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusions

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2016 Financial Statements and Emphasis of Matter

The 2016 financial statements were audited by us, and we expressed an unmodified opinion on them in our report, dated January 25, 2018. As discussed in Note 5 to these financial statements, the 2016 financial statements have been restated to correct a misstatement. Our conclusion is not modified with respect to this matter. As part of our review of the 2017 financial statements, we audited the adjustments described in Note 5 that were applied to restate the 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

RSM US LLP

New York, New York
October 11, 2018

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The Lunchbox Fund

Statement of Financial Position

December 31, 2017 and 2016

See Independent Accountant's Review Report

	2017 (Reviewed)	2016 (Audited - Restated)
Assets		
Cash	\$ 369,673	\$ 343,577
Contributions receivable	4,813	249,986
Prepaid expenses	-	13,446
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Total assets	\$ 374,486	\$ 607,009
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Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 996	\$ 628
Total liabilities	996	628
	<hr/>	<hr/>
Net assets:		
Unrestricted	307,587	413,169
Temporarily restricted	65,903	193,212
Total net assets	373,490	606,381
	<hr/>	<hr/>
Total liabilities and net assets	\$ 374,486	\$ 607,009
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See notes to financial statements.

The Lunchbox Fund

Statement of Activities
 Years Ended December 31, 2017 and 2016
 See Independent Accountant's Review Report

	2017 (Reviewed)			2016 (Audited)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Contributions and revenue:						
Contributions	\$ -	\$ 179,434	\$ 179,434	\$ -	\$ 258,505	\$ 258,505
Special events income	117,620	402,680	520,300	51,563	155,284	206,847
Less direct cost of donor benefit	(192,701)	-	(192,701)	(64,227)	-	(64,227)
Net special event income	(75,081)	402,680	327,599	(12,664)	155,284	142,620
Net assets released from restrictions	709,423	(709,423)	-	220,577	(220,577)	-
Total contributions and revenue	634,342	(127,309)	507,033	207,913	193,212	401,125
Expenses:						
Program	608,964	-	608,964	178,896	-	178,896
Management and general	104,937	-	104,937	20,218	-	20,218
Fundraising	26,023	-	26,023	21,463	-	21,463
Total expenses	739,924	-	739,924	220,577	-	220,577
Change in net assets	(105,582)	(127,309)	(232,891)	(12,664)	193,212	180,548
Net assets:						
Beginning	413,169	193,212	606,381	425,833	-	425,833
Ending	\$ 307,587	\$ 65,903	\$ 373,490	\$ 413,169	\$ 193,212	\$ 606,381

See notes to financial statements.

The Lunchbox Fund

Statement of Functional Expenses
 Years Ended December 31, 2017 and 2016
 See Independent Accountant's Review Report

	2017 (Reviewed)				
	Program Services	Management and General	Fund- Raising	Total Supporting Services	Total
Salaries	\$ 20,000	\$ 23,300	\$ 21,300	\$ 44,600	\$ 64,600
Payroll taxes and benefits	1,682	1,960	1,792	3,752	5,434
Grant expense	580,000	-	-	-	580,000
Office expenses	965	1,124	1,028	2,152	3,117
Travel and transportation	4,530	-	-	-	4,530
Professional fees	1,257	71,969	1,339	73,308	74,565
Bank fees	-	5,767	-	5,767	5,767
Miscellaneous	530	817	564	1,381	1,911
Subtotal of expenses	608,964	104,937	26,023	130,960	739,924
Special event – direct cost	-	-	192,701	192,701	192,701
Total expenses	\$ 608,964	\$ 104,937	\$ 218,724	\$ 323,661	\$ 932,625
	2016 (Audited)				
	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

See notes to financial statements.

The Lunchbox Fund

Statement of Cash Flows

Years Ended December 31, 2017 and 2016

See Independent Accountant's Review Report

	2017 (Reviewed)	2016 (Audited)
Cash flows from operating activities:		
Change in net assets	\$ (232,891)	\$ 180,548
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (increase) in contributions receivable	245,173	(156,001)
Decrease (increase) in prepaid expenses	13,446	(1,446)
Increase in accounts payable and accrued expenses	368	473
Net cash provided by operating activities	26,096	23,574
Increase in cash	26,096	23,574
Cash:		
Beginning	343,577	320,003
Ending	\$ 369,673	\$ 343,577

See notes to financial statements.

The Lunchbox Fund

Notes to Financial Statements (See Independent Accountant's Review Report)

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 (U.S. GAAP).

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amount of assets and liabilities and disclosures of contingencies at the date of the financial statements, and 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 on related investments for program purposes. The Fund does not have any permanently restricted net assets as of December 31, 2017 and 2016.

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 to 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 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 (pledges), are recognized as revenue in the period received.

For the year ended December 31, 2017, two donors accounted for approximately 51% of total contributions. For the year ended December 31, 2016, one donor accounted for approximately 44% of total contributions.

The Lunchbox Fund

Notes to Financial Statements (See Independent Accountant's Review Report)

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

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, 2017 and 2016, management has determined that no allowance is required.

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 2014, which is the standard statute of limitations look-back period.

Recently issued accounting pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements 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 adoption is permitted. The changes in the 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.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance presented in Topic 958, "Not-for-Profit Entities," of the FASB ASC for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. The ASU may be adopted using either: (a) the modified prospective basis, with no restatement of opening net assets or (b) the full retrospective method. Under the modified prospective basis, the ASU is applied to agreements that are not completed as of the effective date, with the ASU's guidance applied onto the portion of revenue or expenses not yet recognized, or entered into after the effective date. The ASU will be effective for fiscal years beginning after December 15, 2018. Earlier adoption is permitted. 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 October 11, 2018 for these financial statements.

The Lunchbox Fund

Notes to Financial Statements (See Independent Accountant's Review Report)

Note 2. Contributions Receivable

Contributions receivable at December 31, 2017 and 2016, amounted to \$4,813 and \$249,986, respectively, and are due to be collected within a year.

As of December 31, 2016, approximately 96% of total contributions receivable balance were from two donors.

Note 3. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2017 and 2016, amounted to \$65,903 and \$193,212, respectively, which were restricted for grant-making purposes.

During the years ended December 31, 2017 and 2016, the Fund released temporarily restricted net assets of \$709,423 and \$220,577, respectively, as the donors' restrictions were met.

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, 2017 and 2016, The Fund grants LunchBox-SA \$580,000 and \$150,000, respectively.

Note 5. Restatement of 2016 Financial Statements

An adjustment was made to the audited 2016 financial statements to reclass the exchange transaction portion of 2016 special event revenue from temporarily restricted net assets to unrestricted net assets. The aggregate effect of this restatement is as follows:

	Total	Unrestricted	Temporarily Restricted
Contributions and revenue:			
As previously reported	\$ 401,125	\$ 156,350	\$ 244,775
Adjustment	-	51,563	(51,563)
As restated	<u>\$ 401,125</u>	<u>\$ 207,913</u>	<u>\$ 193,212</u>
Increase in net assets:			
As previously reported	\$ 180,548	\$ (64,227)	\$ 244,775
Adjustment	-	51,563	(51,563)
As restated	<u>\$ 180,548</u>	<u>\$ (12,664)</u>	<u>\$ 193,212</u>
Net assets:			
As previously reported	\$ 606,381	\$ 361,606	\$ 244,775
Adjustment	-	51,563	(51,563)
As restated	<u>\$ 606,381</u>	<u>\$ 413,169</u>	<u>\$ 193,212</u>