THE BREAD BAKERS GUILD OF AMERICA

FINANCIAL STATEMENTS
With Independent Accountant’s Review Report

December 31, 2018
INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To the Board of Directors
The Bread Bakers Guild of America
Sonoma, California

I have reviewed the accompanying financial statements of THE BREAD BAKERS GUILD OF AMERICA (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, statement of functional expenses, and statement of 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 company 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
My 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 AICPA. 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 Conclusion
Based on our reviews, 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.

Robert L. Withrow, CPA
Sonoma, California
May 9, 2019
THE BREAD BAKERS GUILD OF AMERICA
STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS

CURRENT ASSETS
  Cash  $482,280
  Accounts receivable  1,100
  Contributions receivable  0
  Inventory  2,039
  Prepaid expenses  26,450
  Total Current Assets  511,869

FIXED ASSETS - At Cost
  Land  89,675
  Building  198,371
  Furniture & fixtures  16,855
  Total Fixed Assets  304,901
  Accumulated depreciation
  Net Fixed Assets  (8,253)  296,648

OTHER ASSETS - At Cost
  Security Deposits  0
  Net Other Assets  0

  TOTAL ASSETS  $808,517

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES
  Accounts & credit cards payable  $21,434
  Accrued expenses  32,194
  Current portion - long-term debt  2,454
  Total Current Liabilities  56,082

LONG-TERM DEBT
  Mortgage Payable  181,350
  Less: Current Portion  (2,454)
  Total Long-Term Debt  178,896

  Total Liabilities  234,978

NET ASSETS
  Unrestricted net assets  552,193
  Temporarily restricted net assets  21,346
  Total Net Assets  573,539

  TOTAL LIABILITIES AND NET ASSETS  $808,517

See Accompanying Notes and Independent Accountant’s Review Report
# The Bread Bakers Guild of America
## Statement of Activities
### For the Year Ended December 31, 2018

### Revenue & Support

<table>
<thead>
<tr>
<th>Description</th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
<td>$214,565</td>
<td>0</td>
<td>0</td>
<td>$214,565</td>
</tr>
<tr>
<td>Contributions</td>
<td>809</td>
<td>30,201</td>
<td>0</td>
<td>31,010</td>
</tr>
<tr>
<td>Program service revenue</td>
<td>163,145</td>
<td>0</td>
<td>0</td>
<td>163,145</td>
</tr>
<tr>
<td>Classified ads</td>
<td>12,346</td>
<td>0</td>
<td>0</td>
<td>12,346</td>
</tr>
<tr>
<td>Other revenue &amp; support</td>
<td>1,883</td>
<td>0</td>
<td>0</td>
<td>1,883</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,976</td>
<td>0</td>
<td>0</td>
<td>1,976</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>84,389</td>
<td>(84,389)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Revenue &amp; Support</td>
<td>479,113</td>
<td>(54,188)</td>
<td>0</td>
<td>424,925</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program service expenses</td>
<td>316,376</td>
<td>0</td>
<td>0</td>
<td>316,376</td>
</tr>
<tr>
<td>Management &amp; general expenses</td>
<td>149,403</td>
<td>0</td>
<td>0</td>
<td>149,403</td>
</tr>
<tr>
<td>Fundraising expenses</td>
<td>22,231</td>
<td>0</td>
<td>0</td>
<td>22,231</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>488,010</td>
<td>0</td>
<td>0</td>
<td>488,010</td>
</tr>
</tbody>
</table>

| Change in Net Assets               | (8,897)      | (54,188)               | 0                      | (63,085) |
| Net Assets at Beginning of Year    | 561,090      | 75,534                 | 0                      | 636,624  |
| Net Assets at End of Year          | $552,193     | $21,346                | $0                     | $573,539 |

See Accompanying Notes and Independent Accountant’s Review Report
## THE BREAD BAKERS GUILD OF AMERICA

### STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Personnel Expenses</th>
<th>Management &amp; General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$116,365</td>
<td>$42,838</td>
<td>$171,208</td>
</tr>
<tr>
<td>Employee costs and benefits</td>
<td>17,873</td>
<td>6,579</td>
<td>26,296</td>
</tr>
<tr>
<td>Total Personnel Expenses</td>
<td>134,238</td>
<td>49,417</td>
<td>197,504</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>Management &amp; General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting and professional services</td>
<td>0</td>
<td>9,717</td>
<td>9,717</td>
</tr>
<tr>
<td>Advertising and marketing</td>
<td>0</td>
<td>575</td>
<td>575</td>
</tr>
<tr>
<td>Bad debts</td>
<td>0</td>
<td>805</td>
<td>4,525</td>
</tr>
<tr>
<td>Bank and credit card charges</td>
<td>3,643</td>
<td>6,856</td>
<td>10,525</td>
</tr>
<tr>
<td>Board meeting costs</td>
<td>0</td>
<td>3,283</td>
<td>3,283</td>
</tr>
<tr>
<td>Depreciation</td>
<td>0</td>
<td>1,829</td>
<td>1,829</td>
</tr>
<tr>
<td>Event sponsorships, scholarships and honorariums</td>
<td>17,200</td>
<td>23,260</td>
<td>40,460</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>0</td>
<td>377</td>
<td>377</td>
</tr>
<tr>
<td>Graphic design</td>
<td>24,025</td>
<td>0</td>
<td>24,025</td>
</tr>
<tr>
<td>Ingredients and small wares</td>
<td>9,461</td>
<td>0</td>
<td>9,461</td>
</tr>
<tr>
<td>Insurance</td>
<td>0</td>
<td>3,313</td>
<td>3,313</td>
</tr>
<tr>
<td>Interest</td>
<td>0</td>
<td>1,087</td>
<td>1,087</td>
</tr>
<tr>
<td>IT Support and supplies</td>
<td>5</td>
<td>9,573</td>
<td>9,573</td>
</tr>
<tr>
<td>Meals and entertainment</td>
<td>11,310</td>
<td>612</td>
<td>12,128</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>0</td>
<td>520</td>
<td>520</td>
</tr>
<tr>
<td>Office supplies</td>
<td>1,099</td>
<td>6,627</td>
<td>7,726</td>
</tr>
<tr>
<td>Postage/Mailing services</td>
<td>13,305</td>
<td>3,328</td>
<td>17,680</td>
</tr>
<tr>
<td>Printing</td>
<td>36,628</td>
<td>3,247</td>
<td>41,814</td>
</tr>
<tr>
<td>Rent, utilities, and facility fees</td>
<td>9,559</td>
<td>15,257</td>
<td>24,816</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>0</td>
<td>955</td>
<td>955</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>0</td>
<td>767</td>
<td>767</td>
</tr>
<tr>
<td>Telephone/ISP</td>
<td>0</td>
<td>5,044</td>
<td>5,044</td>
</tr>
<tr>
<td>Travel</td>
<td>55,903</td>
<td>2,954</td>
<td>58,857</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>182,138</td>
<td>99,964</td>
<td>93,012</td>
</tr>
</tbody>
</table>

Total Expenses: $316,376, $149,403, $22,231, $488,010

See Accompanying Notes and Independent Accountant’s Review Report
THE BREAD BAKERS GUILD OF AMERICA
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

CASH FLOW FROM OPERATING ACTIVITIES
Change in Net Assets for the Period $ (63,085)
Adjustments to reconcile increase in net assets
to net cash provided by operating activities:
  Depreciation 1,829
  Decrease in accounts receivable 1,239
  Decrease in contributions receivable 65,376
  Decrease in inventory 1,078
  Decrease in prepaid expenses and other current assets 11,029
  Decrease in accounts payable (5,213)
  Decrease in accrued liabilities (77,143)

NET CASH PROVIDED BY OPERATING ACTIVITIES (64,890)

CASH FLOW FROM INVESTING ACTIVITIES
  Purchases of property and equipment (294,823)
  Purchases-refund of other assets 990

NET CASH (USED BY) INVESTING ACTIVITIES (293,833)

CASH FLOWS FROM FINANCING ACTIVITIES
  New Borrowings:
    Short-term 0
    Long-term 181,350
  Debt reduction:
    Short-term (0)
    Long-term (0)
  Prior period adjustment to unrestricted net assets 0

NET CASH PROVIDED BY FINANCING ACTIVITIES 181,350

NET INCREASE IN CASH (177,373)

CASH AT BEGINNING OF YEAR 659,653

CASH AT END OF YEAR $ 482,280

SUPPLEMENTAL DISCLOSURE:
  Interest paid $ 1,087
  Income taxes paid $ 0

See Accompanying Notes and Independent Accountant’s Review Report
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE
THE BREAD BAKERS GUILD OF AMERICA, a non-profit corporation, is organized under the laws of the Commonwealth of Pennsylvania (and now qualified to operate in California) for the purposes of providing educational opportunities for development of advanced skills and knowledge in artisan baking taught by recognized authorities and experienced teachers from around the world. The Organization's primary sources of revenue are membership dues and fundraising income.

INCOME TAXES
The Bread Bakers Guild of America is exempt under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified by the Internal Revenue Service as other than a private foundation under Section 509(a)(2). The Organization is also exempt from state income taxes under provisions of the California Revenue and Taxation code. Accordingly, these financial statements do not contain any provision for Federal or California income taxes. The Organization believes that it has appropriate support for all tax positions taken and does not have any uncertain tax positions that are material to the financial statements. All tax returns, including those of an exempt organization, are subject to audit by the taxing authorities. The years subject to audit include 2015 through 2018 for Federal tax purposes, and 2014 through 2018 for California.

BASIS OF ACCOUNTING
The books and records of THE BREAD BAKERS GUILD OF AMERICA are maintained on and these financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized in the period in which earned and expenses are recognized in the period in which they are incurred.

FINANCIAL STATEMENT PRESENTATION
Generally accepted accounting principles require that the Organization present information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- Unrestricted Net Assets - Represent net assets that are not subject to donor-imposed stipulations. Contributions with donor-imposed restrictions that are met during the same year as the contribution is received are included in unrestricted support that increases unrestricted net assets.

- Temporarily Restricted Net Assets - Represent net assets subject to donor-imposed stipulations that will be met by action of the Organization and/or the passage of time.

- Permanently Restricted Net Assets - Represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization does not have any permanently restricted net assets.

Donor restrictions expire when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed. Expiration of temporary restrictions on net assets are reported as net assets released from restrictions. Expenses are reported as a decrease in unrestricted net assets.

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.

See Independent Accountant's Review Report
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND EQUIPMENT
Purchased property and/or equipment is carried at cost. Donations of property and/or equipment are recorded as contributions at their estimated fair market value. It is the policy of the Organization to capitalize property and equipment with a cost of $1,000 or more and an estimated useful life in excess of one year. For financial and tax reporting purposes, the straight line method of depreciation has been applied to equipment using estimated lives ranging from 5 to 7 years.

CASH
The Organization maintains its cash balances in two financial institutions located in Sonoma, California. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2018, the Organization had uninsured cash balances of $149. The Organization has no investments that would be considered “cash equivalents”, which are investments with maturities of six months or less.

ACCOUNTS RECEIVABLE
Accounts receivable are stated at unpaid balances. The Organization uses the direct write-off method to recognize a bad debt expense only when a specific account is determined to be uncollectible. Ordinarily, the direct write-off method is not considered in accordance with generally accepted accounting principles; however, uncollectible amounts are not material in amount. The Organization considers all accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is considered necessary.

CONTRIBUTIONS
Contributions including unconditional promises to give are recognized in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the donation. Contributions to be received after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are based on risk-free rates applicable at the time of the donation. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. No allowance for uncollectible contributions receivable has been recorded as management has determined that no allowance was required.

CONTRIBUTED SERVICES AND IN-KIND DONATIONS
A substantial number of individuals have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

ADVERTISING
The Organization expenses the costs of advertising and marketing as incurred. Total Advertising costs during 2018 totaled $575 and is reported on the Statement of Functional Expenses.

COMPENSATED ABSENCES
Employees of the Organization are entitled to paid vacation and personal time-off (PTO). The Organization’s liability for compensated absences was $9,488 which is included in accrued expenses as of December 31, 2018.

FUNCTIONAL EXPENSE ALLOCATION
Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

See Independent Accountant’s Review Report
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SUBSEQUENT EVENTS
Management has evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through May 9, 2019, the date on which the financial statements were available to be issued.

NOTE B - FIXED ASSETS

Fixed assets at December 31, 2018 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>ASSETS</th>
<th>ACCUMULATED DEPRECIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>$10,078</td>
<td>$6,777</td>
</tr>
<tr>
<td>Building</td>
<td>0</td>
<td>198,371</td>
</tr>
<tr>
<td>Land</td>
<td>0</td>
<td>89,675</td>
</tr>
<tr>
<td>Totals</td>
<td>$10,078</td>
<td>$294,823</td>
</tr>
</tbody>
</table>

NOTE C - OPERATING LEASES

At December 31, 2018, the company was party to one operating lease of office equipment. The total cost of the lease during 2018 was $377. The lease is paid on a quarterly basis.

NOTE D - CONTRIBUTIONS RECEIVABLE

The Organization had no contributions receivable at December 31, 2018. The Organization uses a 3-Year Fundraising cycle that ended on December 31, 2018.

See Independent Accountant’s Review Report
NOTE E - TEMPORARILY RESTRICTED NET ASSETS

The Organizations Temporarily Restricted Net Assets arise from the following:

3-Year fundraising cycle of the Organization:
Time restricted contributions to be released from restrictions in the year ended December 31, 2018 $ 20,470

Creamer Scholarship Fund

Total

$ 21,346

NOTE F - LONG-TERM DEBT

At December 31, 2018 the long term debt consisted of the following:

Note payable in monthly installments of $1,087.50 including principle and interest.
The loan is secured by real property purchased in Petaluma, CA to serve as the organizations headquarters. The loan carries an initial interest rate of 5.75215% which is variable and can be changed every five years. $ 181,350

The current maturities for the next five years is:
For the year ended December 31, 2019 $ 2,454
For the year ended December 31, 2020 $ 2,828
For the year ended December 31, 2021 $ 2,995
For the year ended December 31, 2022 $ 3,172
For the year ended December 31, 2023 $ 3,359
December 31, 2024 and later $166,542

NOTE G - PENSION PLAN

The Company does not maintain any retirement plan for its employees.

See Independent Accountant's Review Report