

THE BREAD BAKERS GUILD OF AMERICA

FINANCIAL STATEMENTS
With Independent Accountant's Review Report

December 31, 2015

Robert L. Withrow

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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, 2015, and the related statement 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 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

August 5, 2016

THE BREAD BAKES GUILD OF AMERICA
STATEMENT OF FINANCIAL POSITION
December 31, 2015

ASSETS

CURRENT ASSETS

Cash	\$ 534,748
Accounts receivable	360
Contributions receivable	49,537
Prepaid expenses	<u>18,792</u>
Total Current Assets	603,437

FIXED ASSETS - At Cost

Furniture & fixtures	7,737
Accumulated depreciation	<u>(4,825)</u>
Net Fixed Assets	2,912

OTHER ASSETS - At Cost

Security Deposits	<u>990</u>
Net Other Assets	990

TOTAL ASSETS \$ 607,339

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 15,051
Accrued expenses	23,067
Current portion - long-term debt	<u>0</u>
Total Current Liabilities	38,118

LONG-TERM DEBT

Total Liabilities	<u>0</u> 38,118
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NET ASSETS

Unrestricted net assets	505,784
Temporarily restricted net assets	<u>63,437</u>
Total Net Assets	<u>569,221</u>

TOTAL LIABILITIES AND NET ASSETS \$ 607,339

See Accompanying Notes and Independent Accountant's Review Report

THE BREAD BAKERS GUILD OF AMERICA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE & SUPPORT			
Membership dues	\$ 178,195	0	\$ 178,195
Fundraising income	0	103,381	103,381
Contributions	860	0	860
Program service revenue	54,958	0	54,958
Other revenue & support	17,738	0	17,738
Interest income	1,175	0	1,175
Net assets released from restrictions	<u>124,714</u>	<u>(124,714)</u>	<u>0</u>
Total Revenue & Support	377,640	(21,333)	356,307
EXPENSES			
Program service expenses	219,012	0	219,012
Management & general expenses	141,623	0	141,623
Fundraising expenses	<u>8,058</u>	<u>0</u>	<u>8,058</u>
Total Expenses	<u>368,693</u>	<u>0</u>	<u>368,693</u>
Change in Net Assets	8,947	(21,333)	(12,386)
Net Assets at Beginning of Year	<u>496,837</u>	<u>84,770</u>	<u>581,607</u>
Net Assets at End of Year	<u>\$ 505,784</u>	<u>\$ 63,437</u>	<u>\$ 569,221</u>

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, 2015

	<u>PROGRAM</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
PERSONNEL EXPENSES				
Salaries and wages	\$ 81,322	\$ 54,087	2,846	\$ 138,255
Employee workers comp insurance	<u>11,072</u>	<u>7,364</u>	<u>388</u>	<u>18,824</u>
Total Personnel Expenses	92,394	61,451	3,234	157,079
 OPERATING EXPENSES				
Rent and utilities	0	13,013	0	13,013
Equipment rental	0	282	0	282
Telephone/ISP	0	3,237	0	3,237
IT Support and supplies	0	6,295	0	6,295
Postage/Mailing services	10,461	3,053	1,177	14,691
Office supplies	125	2,097	320	2,542
Ingredients and small wares	8,598	375	0	8,973
Graphic design	19,510	187	150	19,847
Insurance	0	2,818	0	2,818
Interest	0	0	0	0
Depreciation	0	768	0	768
Printing	32,005	407	1,919	34,331
Accounting and bookkeeping services	0	18,325	0	18,325
Advertising and marketing	0	900	0	900
Board meeting costs	0	3,131	0	3,131
Repairs and maintenance	0	976	0	976
Bank and credit card charges	1,031	5,483	63	6,577
Bad debts	0	0	0	0
Travel	43,759	2,000	1,195	46,954
Meals and entertainment	6,570	200	0	6,770
Taxes and licenses	0	338	0	338
Event sponsorships, scholarships and honorariums	4,200	14,875	0	19,075
Miscellaneous expenses	<u>0</u>	<u>1,771</u>	<u>0</u>	<u>1,771</u>
Total Operating Expenses	<u>126,259</u>	<u>80,531</u>	<u>4,824</u>	<u>211,614</u>
 Total Expenses	 <u>\$ 218,653</u>	 <u>\$ 141,982</u>	 <u>\$ 8,058</u>	 <u>\$ 368,693</u>

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, 2015

CASH FLOW FROM OPERATING ACTIVITIES	
Increase in Net Assets for the Period	\$ (12,386)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	768
(Increase) Decrease in operating assets:	
Accounts receivable	(250)
Contributions receivable	25,691
Prepaid expenses and other current assets	(12,818)
Increase (Decrease) in operating liabilities:	
Accounts payable	12,379
Accrued liabilities	<u>7,797</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,181
 CASH FLOW FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(1,744)
Purchases-refund of other assets	<u>0</u>
NET CASH (USED BY) INVESTING ACTIVITIES	(1,744)
 CASH FLOWS FROM FINANCING ACTIVITIES	
New Borrowings:	
Short-term	0
Long-term	0
Debt reduction:	
Short-term	(0)
Long-term	(0)
Prior period adjustment to unrestricted net assets	<u>105</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>105</u>
 NET INCREASE IN CASH	 19,542
CASH AT BEGINNING OF YEAR	<u>515,206</u>
 CASH AT END OF YEAR	 <u>\$ 534,748</u>
 <u>SUPPLEMENTAL DISCLOSURE:</u>	
Interest paid	<u>\$ 0</u>
Income taxes paid	<u>\$ 0</u>

See Accompanying Notes and Independent Accountant's Review Report

THE BREAD BAKERS GUILD OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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.

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 2013 through 2015 for Federal tax purposes, and 2012 through 2015 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.

ADVERTISING

The Organization expenses the costs of advertising and marketing as incurred. Total Advertising costs during 2015 totaled \$900 and is reported on the Statement of Functional Expenses.

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.

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THE BREAD BAKERS GUILD OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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. 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, 2015, the Organization had no uninsured cash balances. 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.

COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation and personal time-off (PTO). The Organization's liability for compensated absences was \$8,812 which is included in accrued expenses as of December 31, 2015

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.

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.

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THE BREAD BAKERS GUILD OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

SUBSEQUENT EVENTS

Management has evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through August 5, 2016, the date on which the financial statements were available to be issued.

LONG-TERM DEBT

The Organization has no long-term debt.

NOTE B - FIXED ASSETS

Fixed assets at December 31 consisted of the following:

	ASSETS			ACCUMULATED DEPRECIATION				
	Balance 12/31/14	Additions	Disposals	Balance 12/31/15	Balance 12/31/14	Additions	Disposals	Balance 12/31/15
Furniture & Fixtures	18,449	1,744	(12,456)	7,737	16,513	768	(12,456)	4,825
TOTAL	<u>18,449</u>	<u>1,744</u>	<u>(12,456)</u>	<u>7,737</u>	<u>16,513</u>	<u>768</u>	<u>(12,456)</u>	<u>4,825</u>

NOTE C - OPERATING LEASES

At December 31, 2015, the company was a party to two operating leases on equipment and facilities (the lease on the facility expired on October 31, 2012 and since that time has continued on a month to month basis. The total facility rent expense in 2015 was \$12,240 included in Rent and Utilities. The equipment lease was renewed in September, 2015 for a term of 51 months. During 2015, the lease cost of \$282 is included in Equipment Rental. The future minimum lease/rental payments on the equipment lease total \$1,597 broken down as follows:

2016	376
2017	376
2018	376
2019	376
2020	93

Total	<u>\$ 1,597</u>

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THE BREAD BAKERS GUILD OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE D- CONTRIBUTIONS RECEIVABLE

Total contributions receivable of \$49,207 are expected to be collected in future years as follows:

2016	\$14,853
2016	\$17,177
2017	\$17,177

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

The Organizations Temporarily restricted net assets arise due to the 3-Year fundraising cycle of the Organization and consisted of the following as of December 31, 2015:

Time restricted contributions to be released
from restrictions in the year ended:

2016	\$ 21,146
2017	\$ 21,146
2018	<u>\$ 21,145</u>
Total	<u>\$ 63,437</u>

NOTE F - PENSION PLAN

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