

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE,  
EDWINS SECOND CHANCE LIFE SKILLS CENTER,  
EDWINS FOUNDATION AND  
EDWINS BUTCHER SHOP AND TRAINING CENTER  
CONSOLIDATED FINANCIAL STATEMENTS  
JULY 31, 2017 AND 2016**

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors

**EDWINS Leadership and Restaurant Institute, EDWINS Second Chance Life Skills Center, EDWINS Foundation and EDWINS Butcher Shop and Training Center**  
Cleveland, Ohio

We have audited the accompanying consolidated financial statements of **EDWINS Leadership and Restaurant Institute, EDWINS Second Chance Life Skills Center, EDWINS Foundation and EDWINS Butcher Shop and Training Center** (nonprofit organizations) which comprise the consolidated statements of financial position as of July 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of **EDWINS Leadership and Restaurant Institute, EDWINS Second Chance Life Skills Center, EDWINS Foundation and EDWINS Butcher Shop and Training Center** as of July 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Zinner & Co. LLP*

Beachwood, Ohio

May 22, 2018

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**JULY 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 285,366	\$ 179,164
Unconditional promises to give - Unrestricted	100,000	40,000
Contract and accounts receivable	14,154	13,801
Investments	0	83,964
Inventory	74,335	71,005
Prepaid expenses	16,617	0
Liquor license	30,000	30,000
Deposits	2,671	2,671
Smallwares	12,792	12,792
Property and equipment		
Construction in progress	68,250	0
Property held for development	0	259,478
Building	259,478	0
Leasehold improvements	980,511	948,585
Furniture and equipment	94,207	84,235
Vehicles	8,267	8,267
Accumulated depreciation	(202,563)	(106,043)
Total Assets	<u>\$ 1,744,085</u>	<u>\$ 1,627,919</u>
<b>Liabilities</b>		
Accounts payable	\$ 7,078	\$ 71,499
Accrued expenses	77,908	69,921
Deferred lease liability	14,232	20,375
Total Liabilities	<u>99,218</u>	<u>161,795</u>
<b>Net Assets</b>		
Unrestricted	1,634,868	1,456,124
Temporarily restricted	10,000	10,000
Total Net Assets	<u>1,644,868</u>	<u>1,466,124</u>
Total Liabilities and Net Assets	<u>\$ 1,744,085</u>	<u>\$ 1,627,919</u>

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

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JULY 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support</b>			
Contributions			
Individual	\$ 372,464	\$ 0	\$ 372,464
Corporate	89,449	10,000	99,449
Foundations	563,723	0	563,723
Restaurant	250,100	0	250,100
Special events			
Gross revenue	96,984	0	96,984
Less: Direct expenses	(40,379)	0	(40,379)
Miscellaneous fees and income	47,623	0	47,623
Investment gains and (losses)	<u>(160)</u>	<u>0</u>	<u>(160)</u>
Total Support	1,379,804	10,000	1,389,804
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>0</u>
Total Reclassifications	<u>10,000</u>	<u>(10,000)</u>	<u>0</u>
<b>Revenue</b>			
Restaurant operations	1,208,808	0	1,208,808
Cost of goods sold	<u>(400,891)</u>	<u>0</u>	<u>(400,891)</u>
Net Revenue	<u>807,917</u>	<u>0</u>	<u>807,917</u>
Total Support and Revenue	2,197,721	0	2,197,721
<b>Expenses</b>			
Program expenses	1,118,311	0	1,118,311
Restaurant expenses	567,837	0	567,837
Management and general	92,691	0	92,691
Fundraising	<u>240,139</u>	<u>0</u>	<u>240,139</u>
Total Expenses	<u>2,018,978</u>	<u>0</u>	<u>2,018,978</u>
<b>Change in Net Assets</b>	178,744	0	178,744
<b>Net Assets at Beginning of Year</b>	<u>1,456,124</u>	<u>10,000</u>	<u>1,466,124</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 1,634,867</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 1,644,867</u></u>

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

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JULY 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support</b>			
Contributions			
Individual	\$ 192,092	\$ 0	\$ 192,092
Corporate	299,502	0	299,502
Foundations	186,240	10,000	196,240
Restaurant	234,075	0	234,075
Special events			
Gross revenue	86,468	0	86,468
Less: Direct expenses	(27,313)	0	(27,313)
Miscellaneous fees and income	29,951	0	29,951
Interest and dividend income	27,906	0	27,906
Investment gains and (losses)	(40,592)	0	(40,592)
Total Support	<u>988,329</u>	<u>10,000</u>	<u>998,329</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,455</u>	<u>(2,455)</u>	<u>0</u>
Total Reclassifications	<u>2,455</u>	<u>(2,455)</u>	<u>0</u>
<b>Revenue</b>			
Restaurant operations	1,274,855	0	1,274,855
Cost of goods sold	<u>(442,500)</u>	<u>0</u>	<u>(442,500)</u>
Net Revenue	<u>832,355</u>	<u>0</u>	<u>832,355</u>
Total Support and Revenue	1,823,139	7,545	1,830,684
<b>Expenses</b>			
Program expenses	784,241	0	784,241
Restaurant expenses	441,262	0	441,262
Management and general	574,791	0	574,791
Fundraising	<u>79,220</u>	<u>0</u>	<u>79,220</u>
Total Expenses	<u>1,879,514</u>	<u>0</u>	<u>1,879,514</u>
<b>Change in Net Assets</b>	(56,375)	7,545	(48,830)
<b>Net Assets at Beginning of Year</b>	<u>1,512,499</u>	<u>2,455</u>	<u>1,514,954</u>
<b>Net Assets at End of Year</b>	<u>\$ 1,456,124</u>	<u>\$ 10,000</u>	<u>\$ 1,466,124</u>

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

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JULY 31, 2017**

	<u>Program Expenses</u>	<u>Restaurant Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Salaries and Related Expenses</b>					
Salaries and wages	\$ 623,719	\$ 214,413	\$ 66,806	\$ 178,938	\$ 1,083,875
Payroll taxes	41,603	29,839	4,456	6,483	82,381
Employee benefits	0	0	2,025	0	2,025
Total Salaries and Related Expenses	665,322	244,252	73,287	185,420	1,168,281
<b>Contract Services</b>					
Professional fees	66,831	56,472	4,575	6,730	134,608
Bank fees	67	35,815	1	4	35,887
Other services	42,693	7,301	1,324	2,701	54,019
Total Contract Services	109,591	99,588	5,900	9,435	224,514
<b>Facilities and Equipment</b>					
Equipment rental and maintenance	18,504	23,392	1,231	0	43,127
Rent	20,451	40,767	2,705	3,364	67,287
Utilities	35,595	18,621	1,800	2,948	58,964
Telephone	3,428	11,892	734	845	16,899
Printing and copying	18,685	23,038	3,282	3,884	48,888
Decorations	0	7,303	0	811	8,114
Other facility costs	0	35,131	1,952	1,952	39,034
Total Facilities and Equipment	96,662	160,143	11,703	13,805	282,313

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



**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JULY 31, 2017  
(CONTINUED FROM PREVIOUS PAGE)**

	<u>Program Expenses</u>	<u>Restaurant Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Other Expenses</b>					
Supplies	\$ 42,535	\$ 45,022	\$ 0	\$ 0	\$ 87,557
Uniforms	16,933	0	0	0	16,933
Travel, meals, and entertainment	17,471	2,331	1,800	14,402	36,005
Education and training	8,267	0	0	0	8,267
Insurance	28,862	16,255	0	0	45,117
Donations and gifts	33,001	0	0	0	33,001
Fundraising and campaign costs	0	0	0	17,077	17,077
Miscellaneous	3,147	246	0	0	3,393
Total Other Expenses	<u>150,216</u>	<u>63,854</u>	<u>1,800</u>	<u>31,479</u>	<u>247,350</u>
Total Expenses Before Depreciation and Amortization	1,021,791	567,837	92,691	240,139	1,922,458
<b>Depreciation and Amortization Expense</b>	<u>96,520</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>96,520</u>
Total Expenses	<u>\$ 1,118,311</u>	<u>\$ 567,837</u>	<u>\$ 92,691</u>	<u>\$ 240,139</u>	<u>\$ 2,018,978</u>
	56%	28%	5%	11%	100%

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

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JULY 31, 2016**

	<u>Program Expenses</u>	<u>Restaurant Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Salaries and Related Expenses</b>					
Salaries and wages	\$ 470,447	\$ 207,581	\$ 233,227	\$ 46,645	\$ 957,900
Payroll taxes	29,627	23,124	17,707	3,541	73,999
Total Salaries and Related Expenses	500,073	230,706	250,933	50,187	1,031,899
<b>Contract Services</b>					
Professional fees	1,551	1,235	132,390	4,181	139,357
Bank fees	0	730	34,728	1,097	36,555
Other services	984	133	33,851	1,069	36,037
Total Contract Services	2,535	2,098	200,970	6,346	211,949
<b>Facilities and Equipment</b>					
Equipment rental and maintenance	38,224	19,666	4,053	0	61,944
Rent	6,503	43,784	0	0	50,287
Utilities	38,320	24,826	0	0	63,146
Telephone	1,646	16,015	2,261	565	20,487
Printing and copying	11,566	31,979	5,834	1,459	50,838
Decorations	0	2,056	0	64	2,120
Other facility costs	0	31,012	4,378	1,095	36,485
Total Facilities and Equipment	96,260	169,338	16,527	3,182	285,307

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

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JULY 31, 2016  
(CONTINUED FROM PREVIOUS PAGE)**

	<u>Program Expenses</u>	<u>Restaurant Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Other Expenses</b>					
Supplies	\$ 34,502	\$ 29,173	\$ 16,539	\$ 2,481	\$ 82,695
Uniforms	16,235	0	0	0	16,235
Travel, meals, and entertainment	736	101	31,398	992	33,227
Education and training	28,259	0	0	0	28,259
Insurance	5,562	9,639	45,606	0	60,807
Donations and gifts	43,169	0	0	0	43,169
Fundraising and campaign costs	0	0	0	16,033	16,033
Miscellaneous	5,636	208	0	0	5,844
Total Other Expenses	<u>134,100</u>	<u>39,120</u>	<u>93,543</u>	<u>19,505</u>	<u>286,269</u>
Total Expenses Before Depreciation and Amortization	732,968	441,262	561,973	79,220	1,815,423
<b>Depreciation and Amortization Expense</b>	<u>51,273</u>	<u>0</u>	<u>12,818</u>	<u>0</u>	<u>64,091</u>
Total Expenses	<u>\$ 784,241</u>	<u>\$ 441,262</u>	<u>\$ 574,791</u>	<u>\$ 79,220</u>	<u>\$ 1,879,514</u>
	42%	23%	31%	4%	100%

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

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JULY 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 178,744	\$ (48,830)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	96,520	29,903
Deferred lease liability	(6,143)	(5,147)
(Increase) decrease in operating assets		
Certificates of deposit	0	12,505
Unconditional promises to give - Unrestricted	(60,000)	10,000
Contract and accounts receivable	(353)	(8,737)
Inventory	(3,330)	(11,505)
Prepaid expenses	(16,617)	14,251
Increase (decrease) in operating liabilities		
Accounts payable	(64,422)	67,110
Accrued expenses	7,987	17,372
Net Cash Provided by Operating Activities	<u>132,386</u>	<u>76,922</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of fixed assets	(110,148)	(993,535)
Net investment activity	83,964	442,828
(Increase) decrease in deposits	0	5,000
Net Cash Provided (Used) by Investing Activities	<u>(26,184)</u>	<u>(545,707)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	106,202	(468,785)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>179,164</u>	<u>647,949</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 285,366</u>	<u>\$ 179,164</u>

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

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2017 AND 2016**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organizations

The accompanying consolidated financial statements include the accounts of EDWINS Leadership and Restaurant Institute (EDWINS), EDWINS Second Chance Life Skills Center (Second Chance), EDWINS Foundation (Foundation) and EDWINS Butcher Shop (Butcher Shop) (collectively referred to as the Organizations). Intercompany transactions and balances have been eliminated in consolidation. EDWINS was incorporated as not-for-profit corporation in July 2007, Second Chance was incorporated as a not-for-profit corporation in July 2015, Foundation was incorporated as a not-for-profit corporation in April 2016 and the Butcher Shop was incorporated as a not-for-profit corporation in December 2016. EDWINS takes a unique approach at giving formerly-incarcerated adults a foundation in the hospitality industry while providing a support network necessary for a successful reentry into society, by teaching a skilled trade in the culinary arts, empowering willing minds through passion for the hospitality industry and preparing students for a successful transition into the world of business professionals. EDWINS also enhances the community of Cleveland's vulnerable neighborhoods by providing for its future leaders. Second Chance is a living community designed to provide program participants with a stable living environment that is nearby and affordable, which increases the participants' likelihood of completing the programs and moving forward into future career success. The Butcher Shop is an educational facility that additionally provides formerly-incarcerated individuals education and skills related to the culinary, vocational and operational aspects of a butcher shop. Intercompany transactions and balances have been eliminated in consolidation.

Foundation was formed to coordinate, promote and oversee the operations of EDWINS, Second Chance and the Butcher Shop. The Butcher Shop as well as other future entities are incorporated as sole member LLCs under Foundation's 501(c)(3) status with Foundation being the sole member. Foundation had no activity during 2016 and began operating in 2017. Foundation's main purpose is to fundraise and use those funds to support the not-for-profit organizations listed above, which will then enable those organizations to focus on their programmatic goals of assisting with the challenges of reentry.

Basis of Presentation

Consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205. Under ASC 958-205, the Organizations are required to report information regarding their consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2017 AND 2016**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting

The consolidated financial statements of the Organizations have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off any uncollectible portion at year-end.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organizations use the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of July 31, 2017 and 2016, management believes that all receivables are collectible and therefore no valuation allowance is necessary.

Investments

Investments are valued at market.

Donated investments are reflected as contributions at their market values at date of receipt. Dividend and interest income and gains and losses on investments are reflected in current unrestricted activities unless temporarily or permanently restricted, either by law or explicit donor stipulation, in which case they would be reported in either temporarily or permanently restricted activities.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2017 AND 2016**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Valuation of Long-Lived Assets

The Organizations review for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the estimated future net cash flows are less than the carrying amount of the asset. No impairment losses were recognized in fiscal 2017 and 2016.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. It is the Organizations' policy to capitalize expenditures for these items in excess of \$1,000.

Donated Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. There was no donated equipment during the years ended July 31, 2017 and 2016.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. 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. Funds received related to conditional grants are classified as refundable advances until expended for the purposes of the grants.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organizations consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the Statement of Cash Flows.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2017 AND 2016**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Inventory

Inventory is stated at the lower of cost or fair market value on a first-in, first-out method of valuation and consisted of the following at July 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Food	\$ 22,263	\$ 18,188
Beverage	<u>52,072</u>	<u>52,817</u>
Total	<u>\$ 74,335</u>	<u>\$ 71,005</u>

Pervasiveness of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist primarily of cash and cash equivalents and accounts and pledges receivable. The Organizations maintain their cash and cash equivalents with financial institutions and limit their exposure to any one financial institution. Concentrations with respect to trade and pledges receivable are limited due to the varied customer and donor base. As of July 31, 2017 and 2016, the Organizations had no other significant concentrations of credit risk.

Functional Expense Allocation

Costs of providing various programs and supporting services are allocated based on specific identification, if practical, or management's estimation of the respective functions benefited.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). The objective of ASU 2016-02 is to recognize lease assets and lease liabilities by leases for those leases classified as operating leases under previous generally accepted accounting principles (GAAP).



**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2017 AND 2016**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recent Accounting Pronouncements (Continued)

ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Early adoption of ASU 2016-02 is permitted. Management will be evaluating the potential impact of adopting this guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities. The ASU amends the current reporting model for not-for-profit organizations and requires enhanced disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring that all not-for-profit organizations present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (d) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (e) presenting investment returns net of external and direct expenses, and (f) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of the financial statements. The ASU is effective for the Organizations’ financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is evaluating the impact of adopting this guidance on its consolidated financial statements.

In May 2015, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standards will replace most existing revenue recognition guidance within the accounting principles generally accepted in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018 and interim periods beginning after December 15, 2019. Management has not yet selected a transition method and is evaluating the impact of adopting this guidance on its financial statements.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2017 AND 2016**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Advertising

Advertising costs are expensed when incurred.

Subsequent Events

The Organizations have evaluated subsequent events through May 22, 2018, the date the consolidated financial statements were available to be issued, and all such events have been properly disclosed in these consolidated financial statements.

**NOTE B - PROMISES TO GIVE**

Unconditional promises to give at July 31, 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
Unrestricted promises	<u>\$ 100,000</u>	<u>\$ 40,000</u>
Amounts due in:		
Less than one year	<u>\$ 100,000</u>	<u>\$ 40,000</u>

**NOTE C - INVESTMENTS**

During 2017, all investments were liquidated and the funds were deposited into cash accounts. The following is a summary of aggregate costs and market values of investments at July 31, 2016:

	<u>2016</u>		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Cash and cash equivalents	\$ 81,021	\$ 851	\$ (80,170)
Mutual funds	491,015	83,113	(407,902)
	<u>\$ 572,036</u>	<u>\$ 83,964</u>	<u>\$ (488,072)</u>

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2017 AND 2016**

**NOTE D - FAIR VALUE OF FINANCIAL ASSETS**

The Organizations use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with ASC 820-10, the Organizations have categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy:

**Level 1** – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organizations have the ability to access. These include investments that are recorded at fair value on a recurring basis and fair value measurement is based upon quoted prices, if available. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange and other exchange trade securities.

**Level 2** – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for subsequently the full term of the asset or liability.

**Level 3** – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

During 2017, all investments were liquidated. The following table presents the Organizations' fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of July 31, 2016.

	2016			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market	\$ 851	\$ 851	\$ 0	\$ 0
Mutual funds				
Griffin Institutional Access Real Estate Fund	83,113	83,113	0	0
	<u>\$ 83,964</u>	<u>\$ 83,964</u>	<u>\$ 0</u>	<u>\$ 0</u>

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2017 AND 2016**

**NOTE E - RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets at July 31, 2017 and 2016 are available for the following purposes or periods:

	<u>2017</u>	<u>2016</u>
Run for Re-Entry Event	\$ 0	\$ 10,000
Butcher Shop Construction	10,000	0
	<u>\$ 10,000</u>	<u>\$ 10,000</u>

**NOTE F - DONATED SERVICES**

EDWINS received donated legal services related to legal situations surrounding the formation of Second Chance, the Foundation and the Butcher Shop. The value of the donated legal services was not provided by the legal firm for the years ended July 31, 2017 and 2016 and therefore could not be determined.

**NOTE G - LINE OF CREDIT**

In April, 2015, EDWINS entered into a \$25,000 revolving line of credit with a bank with interest at the Prime Rate (4.25 % and 3.50% at July 31, 2017 and 2016, respectively) plus 2.250%. The line of credit is secured by all the assets of EDWINS and has a renewal date of February 18, 2018. The line of credit had a balance of \$0 as of July 31, 2017 and 2016, respectively.

**NOTE H - OPERATING LEASES**

The Organizations lease equipment and restaurant space. The lease payments on the restaurant space are being recognized on a straight-line basis over the life of the lease, and a corresponding amortization of the deferred lease liability has been recorded.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of July 31, 2017:

2018	\$ 77,710
2019	71,767
2020	71,665
2021	8,064
2022	5,992
Total minimum payments required	<u>\$ 235,198</u>

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2017 AND 2016**

**NOTE I- INCOME TAXES**

The Organizations are exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code, except for any unrelated business income, including unrelated debt-financed income and advertising income, which is subject to taxation.

As of August 1, 2015 and for the years ended July 31, 2017 and 2016, the Organizations had not engaged in any activity which management considers to be activity that could result in a loss of their 501(c)(3) IRS designations. As well, management does not consider any of the activity of the Organizations to be considered unrelated business income that could result in income tax.

For the years ended July 31, 2017 and 2016, there was no tax interest or penalties reflected in the statement of activities or in the consolidated statement of financial position. The Organizations are no longer subject to U.S. federal, state, and local income tax examinations by taxing authorities for years before 2013.

EDWINS, Second Chance and the Foundation file separate applicable tax returns. The Butcher Shop is wholly owned by the Foundation and reports all activity on the applicable Foundation tax return.



Board of Directors

**EDWINS Leadership and Restaurant Institute, EDWINS Second Chance Life Skills Center, EDWINS Foundation and EDWINS Butcher Shop and Training Center**  
Cleveland, Ohio

We have audited the consolidated financial statements of **EDWINS Leadership and Restaurant Institute, EDWINS Second Chance Life Skills Center, EDWINS Foundation and EDWINS Butcher Shop and Training Center** as of and for the years ended July 31, 2017 and 2016, and our report thereon dated May 22, 2018, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Zinner & Co. LLP*

Beachwood, Ohio

May 22, 2018

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**JULY 31, 2017**

	<b>EDWINS Restaurant &amp; Leadership Institute</b>	<b>EDWINS Second Chance Life Skills Center</b>	<b>EDWINS Foundation</b>	<b>EDWINS Butcher Shop and Training Center</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 200,471	\$ 681	\$ 78,303	\$ 5,911	\$ 285,366
Unconditional promises to give - Unrestricted	0	100,000	0	0	100,000
Contract and accounts receivable	13,554	600	0	0	14,154
Intercompany receivable	0	3,268	0	(3,268)	0
Inventory	74,335	0	0	0	74,335
Prepaid expenses	4,835	5,941	4,452	1,389	16,617
Liquor license	30,000	0	0	0	30,000
Deposits	2,671	0	0	0	2,671
Smallwares	12,792	0	0	0	12,792
Property and equipment					
Construction in progress	0	0	0	68,250	68,250
Building	0	259,478	0	0	259,478
Leasehold improvements	98,776	881,735	0	0	980,511
Furniture and equipment	69,860	24,347	0	0	94,207
Vehicles	8,267	0	0	0	8,267
Accumulated depreciation	(102,610)	(99,953)	0	0	(202,563)
<b>Total Assets</b>	<b>\$ 412,951</b>	<b>\$ 1,176,097</b>	<b>\$ 82,755</b>	<b>\$ 72,282</b>	<b>\$ 1,744,085</b>

See independent auditor's report on consolidating information.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED FROM PREVIOUS PAGE)**

**JULY 31, 2017**

	<b>EDWINS Restaurant &amp; Leadership Institute</b>	<b>EDWINS Second Chance Life Skills Center</b>	<b>EDWINS Foundation</b>	<b>EDWINS Butcher Shop and Training Center</b>	<b>Total</b>
<b>Liabilities</b>					
Accounts payable	\$ 3,935	\$ 1,113	\$ 1,030	\$ 1,000	\$ 7,078
Accrued expenses	76,331	1,577	0	0	77,908
Deferred lease liability	14,232	0	0	0	14,232
Intercompany payable	3,268	0	0	(3,268)	0
Total Liabilities	<u>97,766</u>	<u>2,690</u>	<u>1,030</u>	<u>(2,268)</u>	<u>99,218</u>
<b>Net Assets</b>					
Unrestricted	315,186	1,173,407	81,725	64,550	1,634,868
Temporarily restricted	0	0	0	10,000	10,000
Total Net Assets	<u>315,186</u>	<u>1,173,407</u>	<u>81,725</u>	<u>74,550</u>	<u>1,644,868</u>
Total Liabilities and Net Assets	<u>\$ 412,951</u>	<u>\$ 1,176,097</u>	<u>\$ 82,755</u>	<u>\$ 72,282</u>	<u>\$ 1,744,085</u>

See independent auditor's report on consolidating information.



**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**JULY 31, 2016**

	<b>EDWINS Restaurant &amp; Leadership Institute</b>	<b>EDWINS Second Chance Life Skills Center</b>	<b>EDWINS Foundation</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 130,267	\$ 48,897	\$ 0	\$ 179,164
Unconditional promises to give				
Unrestricted	40,000	0	0	40,000
Contract and accounts receivable	13,801	0	0	13,801
Investments	83,964	0	0	83,964
Inventory	71,005	0	0	71,005
Liquor license	30,000	0	0	30,000
Deposits	2,671	0	0	2,671
Smallwares	12,792	0	0	12,792
Property and equipment				
Land	0	259,478	0	259,478
Leasehold improvements	96,276	852,309	0	948,585
Furniture and equipment	68,629	15,606	0	84,235
Vehicles	8,267	0	0	8,267
Accumulated depreciation	(71,855)	(34,188)	0	(106,043)
Total Assets	<u>\$ 485,817</u>	<u>\$ 1,142,102</u>	<u>\$ 0</u>	<u>\$ 1,627,919</u>
<b>Liabilities</b>				
Accounts payable	\$ 35,333	\$ 36,166	\$ 0	\$ 71,499
Accrued expenses	68,557	1,364	0	69,921
Deferred lease liability	20,375	0	0	20,375
Total Liabilities	<u>124,265</u>	<u>37,530</u>	<u>0</u>	<u>161,795</u>
<b>Net Assets</b>				
Unrestricted	351,552	1,104,572	0	1,456,124
Temporarily restricted	10,000	0	0	10,000
Total Net Assets	<u>361,552</u>	<u>1,104,572</u>	<u>0</u>	<u>1,466,124</u>
Total Liabilities and Net Assets	<u>\$ 485,817</u>	<u>\$ 1,142,102</u>	<u>\$ 0</u>	<u>\$ 1,627,919</u>

See independent auditor's report on consolidating information.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATING STATEMENT OF UNRESTRICTED ACTIVITIES**

**FOR THE YEAR ENDED JULY 31, 2017**

	<b>EDWINS Restaurant &amp; Leadership Institute</b>	<b>EDWINS Second Chance Life Skills Center</b>	<b>EDWINS Foundation</b>	<b>EDWINS Butcher Shop and Training Center</b>	<b>Eliminations</b>	<b>Total</b>
<b>UNRESTRICTED NET ASSETS</b>						
<b>Support</b>						
Contributions						
Individual	\$ 176,579	\$ 236,763	\$ 116,000	\$ 0	\$ (156,878)	\$ 372,464
Corporate	91,559	0	0	27,890	(30,000)	89,449
Foundations	511,223	0	2,500	50,000	0	563,723
Restaurant	250,100	0	0	0	0	250,100
Special events						
Gross revenue	96,984	0	0	0	0	96,984
Less: Direct expenses	(40,379)	0	0	0	0	(40,379)
Miscellaneous fees and income	17,136	30,487	0	0	0	47,623
Investment gains and (losses)	(160)	0	0	0	0	(160)
Total Support	1,103,042	267,250	118,500	77,890	(186,878)	1,379,804
Net assets released from restrictions:						
Satisfaction of program restrictions	10,000	0	0	0	0	10,000
Total Reclassifications	10,000	0	0	0	0	10,000
<b>Revenue</b>						
Restaurant operations	1,208,808	0	0	0	0	1,208,808
Cost of goods sold	(400,891)	0	0	0	0	(400,891)
Net Revenue	807,917	0	0	0	0	807,917
Total Support and Revenue	1,920,959	267,250	118,500	77,890	(186,878)	2,197,721

See independent auditor's report on consolidating information.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATING STATEMENT OF UNRESTRICTED ACTIVITIES**

**FOR THE YEAR ENDED JULY 31, 2017  
(CONTINUED FROM PREVIOUS PAGE)**

	<b>EDWINS Restaurant &amp; Leadership Institute</b>	<b>EDWINS Second Chance Life Skills Center</b>	<b>EDWINS Foundation</b>	<b>EDWINS Butcher Shop and Training Center</b>	<b>Eliminations</b>	<b>Total</b>
<b>Expenses</b>						
Program expenses	\$ 1,166,187	\$ 111,112	\$ 0	\$ 0	\$ (158,988)	\$ 1,118,311
Restaurant expenses	512,281	55,556	0	0	0	567,837
Management and general	62,529	7,937	36,775	13,340	(27,890)	92,691
Fundraising	216,329	23,810	0	0	0	240,139
Total Expenses	<u>1,957,326</u>	<u>198,415</u>	<u>36,775</u>	<u>13,340</u>	<u>(186,878)</u>	<u>2,018,978</u>
<b>Change in Unrestricted Net Assets</b>	<b>(36,367)</b>	<b>68,835</b>	<b>81,725</b>	<b>64,550</b>	<b>0</b>	<b>178,744</b>

See independent auditor's report on consolidating information.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATING STATEMENT OF TEMPORARILY RESTRICTED ACTIVITIES**

**FOR THE YEAR ENDED JULY 31, 2017**

	<b>EDWINS Restaurant &amp; Leadership Institute</b>	<b>EDWINS Second Chance Life Skills Center</b>	<b>EDWINS Foundation</b>	<b>EDWINS Butcher Shop and Training Center</b>	<b>Eliminations</b>	<b>Total</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>						
<b>Support</b>						
Contributions						
Corporate	\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 10,000
Total Support	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Net assets released from restrictions:						
Satisfaction of program restrictions	(10,000)	0	0	0	0	(10,000)
Total Reclassifications	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,000)</u>
Total Support and Revenues	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
<b>Change in Temporarily Restricted Net Assets</b>	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ (46,367)</u>	<u>\$ 68,835</u>	<u>\$ 81,725</u>	<u>\$ 74,550</u>	<u>\$ 0</u>	<u>\$ 178,744</u>

See independent auditor's report on consolidating information.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATING STATEMENT OF UNRESTRICTED ACTIVITIES**

**FOR THE YEAR ENDED JULY 31, 2016**

	<b>EDWINS Restaurant &amp; Leadership Institute</b>	<b>EDWINS Second Chance Life Skills Center</b>	<b>EDWINS Foundation</b>	<b>Eliminations</b>	<b>Total</b>
<b>UNRESTRICTED NET ASSETS</b>					
<b>Support</b>					
Contributions					
Individual	\$ 181,641	\$ 1,192,360	\$ 0	\$ (1,181,909)	\$ 192,092
Corporate	299,502	0	0	0	299,502
Foundations	186,240	0	0	0	186,240
Restaurant	234,075	0	0	0	234,075
Special events					
Gross revenue	86,468	0	0	0	86,468
Less: Direct expenses	(27,313)	0	0	0	(27,313)
Miscellaneous fees and income	18,585	11,366	0	0	29,951
Interest and dividend income	27,906	0	0	0	27,906
Investment gains and (losses)	<u>(40,592)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(40,592)</u>
Total Support	966,512	1,203,726	0	(1,181,909)	988,329
Net assets released from restrictions:					
Satisfaction of program restrictions	<u>2,455</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,455</u>
Total Reclassifications	<u>2,455</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,455</u>
<b>Revenue</b>					
Restaurant operations	1,274,855	0	0	0	1,274,855
Cost of goods sold	<u>(442,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(442,500)</u>
Net Revenue	832,355	0	0	0	832,355
Total Support and Revenue	1,801,322	1,203,726	0	(1,181,909)	1,823,139

See independent auditor's report on consolidating information.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATING STATEMENT OF UNRESTRICTED ACTIVITIES**

**FOR THE YEAR ENDED JULY 31, 2016  
(CONTINUED FROM PREVIOUS PAGE)**

	<b>EDWINS Restaurant &amp; Leadership Institute</b>	<b>EDWINS Second Chance Life Skills Center</b>	<b>EDWINS Foundation</b>	<b>Eliminations</b>	<b>Total</b>
<b>Expenses</b>					
Program expenses	1,966,150	0	0	(1,181,909)	784,241
Restaurant expenses	441,262	0	0	0	441,262
Management and general	324,212	250,579	0	0	574,791
Fundraising	79,220	0	0	0	79,220
Total Expenses	<u>2,810,844</u>	<u>250,579</u>	<u>0</u>	<u>(1,181,909)</u>	<u>1,879,514</u>
<b>Change in Unrestricted Net Assets</b>	<b>(1,009,522)</b>	<b>953,147</b>	<b>0</b>	<b>0</b>	<b>(56,375)</b>

See independent auditor's report on consolidating information.

**EDWINS LEADERSHIP AND RESTAURANT INSTITUTE, EDWINS SECOND CHANCE LIFE SKILLS CENTER, EDWINS FOUNDATION AND EDWINS BUTCHER SHOP AND TRAINING CENTER**

**CONSOLIDATING STATEMENT OF TEMPORARILY RESTRICTED ACTIVITIES**

**FOR THE YEAR ENDED JULY 31, 2016**

	<b>EDWINS Restaurant &amp; Leadership Institute</b>	<b>EDWINS Second Chance Life Skills Center</b>	<b>EDWINS Foundation</b>	<b>Eliminations</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>					
<b>Support</b>					
Contributions					
Foundations	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 10,000
Total Support	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Net assets released from restrictions:					
Satisfaction of program restrictions	<u>(2,455)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,455)</u>
Total Reclassifications	<u>(2,455)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,455)</u>
Total Support and Revenues	7,545	0	0	0	7,545
<b>Change in Temporarily Restricted Net Assets</b>	<u>7,545</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,545</u>
<b>CHANGE IN NET ASSETS</b>	<u><u>\$ (1,001,977)</u></u>	<u><u>\$ 953,147</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (48,830)</u></u>

See independent auditor's report on consolidating information.