WHOLE KIDS FOUNDATION

Consolidated Financial Statements as of and for the Years Ended December 31, 2014 and 2013, with Supplementary Information and Independent Auditors’ Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Whole Kids Foundation:

We have audited the accompanying consolidated financial statements of Whole Kids Foundation (U.S.), Whole Kids Foundation (Canada) and Whole Kids Foundation (U.K.) (collectively, the "Foundation") (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities 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.

Auditors' 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 auditors' 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 consolidated financial position of the Foundation as of December 31, 2014 and 2013, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in consolidating schedules of financial position and activities is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Maxwell Locke + Ritter LLP

Austin, Texas
March 24, 2015

WHOLE KIDS FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,738,984	$ 3,576,198
Contributions receivable	701,183	136,061
Other assets	18,333	7,961
Total current assets	4,458,500	3,720,220
INVESTMENTS	666,948	172,226
FIXED ASSETS, net	7,387	8,539
TOTAL ASSETS	$ 5,132,835	$ 3,900,985
LIABILITIES AND NET ASSETS		
LIABILITIES-		
Grants payable	$ 14,000	$ -
NET ASSETS:		
Unrestricted:		
Undesignated	3,968,509	3,281,680
Board designated	520,000	420,000
Temporarily restricted	630,326	199,305
Total net assets	5,118,835	3,900,985
TOTAL LIABILITIES AND NET ASSETS	$ 5,132,835	$ 3,900,985

See notes to consolidated financial statements.

WHOLE KIDS FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS:	Unrestricted	Temporarily Restricted	Total
Contributions	$ 5,310,735	508,035	5,818,770
Investment income (loss)	21,661	(45,580)	(23,919)
Other income (expense)	(5,937)	-	(5,937)
Net assets released from restrictions	31,434	(31,434)	-
Total revenues and net assets released from restrictions	5,357,893	431,021	5,788,914
EXPENSES:			
Program	4,162,732	-	4,162,732
Management and general	243,782	-	243,782
Fundraising and communications	164,550	-	164,550
Total expenses	4,571,064	-	4,571,064
CHANGE IN NET ASSETS	786,829	431,021	1,217,850
NET ASSETS, beginning of year	3,701,680	199,305	3,900,985
NET ASSETS, end of year	$ 4,488,509	630,326	5,118,835

See notes to consolidated financial statements.

WHOLE KIDS FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS:	Unrestricted	Temporarily Restricted	Total
Contributions	$ 3,811,622	170,430	3,982,052
Investment income (loss)	1,659	65,413	67,072
Other income (expense)	(2,377)	-	(2,377)
Net assets released from restrictions	1,152,866	(1,152,866)	-
Total revenues and net assets released from restrictions	4,963,770	(917,023)	4,046,747
EXPENSES:			
Program	3,835,376	-	3,835,376
Management and general	454,688	-	454,688
Fundraising and communications	141,723	-	141,723
Total expenses	4,431,787	-	4,431,787
CHANGE IN NET ASSETS	531,983	(917,023)	(385,040)
NET ASSETS, beginning of year	3,169,697	1,116,328	4,286,025
NET ASSETS, end of year	$ 3,701,680	199,305	3,900,985

See notes to consolidated financial statements.

WHOLE KIDS FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,217,850	$ (385,040)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,410	4,388
Unrealized loss (gain) on investments	25,278	(65,413)
Changes in operating assets and liabilities that used cash:		
Contributions receivable	(565,122)	(127,124)
Other assets	(10,372)	(5,453)
Grants payable	14,000	-
Net cash provided by (used in) operating activities	687,044	(578,642)
CASH FLOWS FROM INVESTING ACTIVITES:		
Purchases of investments	(520,000)	-
Purchases of fixed assets	(4,258)	(5,065)
Net cash used in investing activities	(524,258)	(5,065)
NET CHANGE IN CASH AND CASH EQUIVALENTS	162,786	(583,707)
CASH AND CASH EQUIVALENTS, beginning of year	3,576,198	4,159,905
CASH AND CASH EQUIVALENTS, end of year	$ 3,738,984	$ 3,576,198

See notes to consolidated financial statements.

1. NATURE OF OPERATIONS

Whole Kids Foundation (U.S.) is a nonprofit organization that was established by Whole Foods Market, Inc. ("Whole Foods Market") and was incorporated on April 15, 2011. Whole Kids Foundation (Canada) was incorporated under the Canada Not-for-profit Corporations Act effective July 5, 2013. Whole Kids Foundation (U.K.) was incorporated in the U.K. on August 30, 2013, and has applied for nonprofit status in the U.K. Whole Kids Foundation (U.S.), Whole Kids Foundation (Canada) and Whole Kids Foundation (U.K.) together are collectively referred to as the "Foundation." The Foundation's mission is to improve children's nutrition and wellness. Through partnerships with innovative organizations, schools and educators, the Foundation works to provide children access to healthier choices. The Foundation aims to help children reach their full potential through the strength of a healthy body.

Consolidation is required since Whole Kids Foundation (U.S.) has both control and economic interest in Whole Kids Foundation (Canada) and Whole Kids Foundation (U.K.). All intercompany transactions have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board Accounting Standards Codification.

Classification of Net Assets - The Foundation is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified as follows:

Unrestricted net assets **-** Net assets not subject to donor-imposed stipulations. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Temporarily restricted net assets **-** Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time or the occurrence of a specific event.

Permanently restricted net assets **-** Net assets whose amounts are not currently available for use in the operations of the Foundation and whose limitations neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. The Foundation has not received any permanently restricted donations.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Fair Value Measurements - The Foundation measures and discloses fair value measurements in accordance with the authoritative literature. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 **-** Inputs based on quoted market prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 **-** Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 **-** Unobservable inputs that reflect the Foundation's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Cash and Cash Equivalents - Cash equivalents are considered highly liquid with original maturities of three months or less.

Contributions Receivable - Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Management has determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible contributions was considered necessary at December 31, 2014 or 2013.

Investments - Investments in mutual funds are recorded at fair value in the consolidated statements of financial position. Investment in holdings of Whole Foods Market stock appreciation rights are recorded at fair value in the consolidated statement of financial position. Realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law.

Fixed Assets - The Foundation capitalizes fixed assets at cost if purchased and at fair value at the date of receipt if donated when the value is $1,000 or more. Lesser amounts are included in expense. Depreciation of fixed assets is computed using the straight-line method over the assets' estimated useful lives (three years for furniture and equipment). Maintenance and repairs are charged to expense as incurred.

Board Designated Net Assets - The Board of Directors designated $520,000 and $420,000 of net assets to be used for future operations at December 31, 2014 and 2013, respectively.

Contributions Revenue - Contributions received including unconditional promises to give are recorded as unrestricted, temporarily restricted or permanently restricted support in the period pledged depending on the existence and nature of any donor restrictions. Contributions received with donor-imposed restrictions that are satisfied in the same reporting period are reported as temporarily restricted revenue and released from restrictions. Conditional promises to give are recognized when the conditions on which they are dependent are substantially met.

Functional Allocation of Expenses - The costs of providing the programs and supporting services have been reported on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated based on estimates provided by management.

Income Tax Status - Whole Kids Foundation (U.S.) is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal and state income taxes, except with respect to any unrelated business income. Whole Kids Foundation (U.S.) is subject to routine examinations of its returns; however, there are no examinations currently in progress. The December 31, 2011 and subsequent tax years remain subject to examination by the Internal Revenue Service. The Code imposes an excise tax of 2% (reduced to 1% if certain requirements are met) on net investment income of private foundations. Excise tax expense was $17 for the year ended December 31, 2014.

Whole Kids Foundation (Canada) is a registered charity under the Income Tax Act in Canada and is exempt from income tax under Section 149(1)(l) of the Income Tax Act. Registration remains valid so long as the organization continues to fulfill the requirements of the Act and regulations in respect of registered charities. Whole Kids Foundation (U.K.) has applied for nonprofit status in the U.K. Both entities monitor and are in compliance with applicable tax laws and regulations in the respective jurisdictions.

Recently Issued Accounting Pronouncements - In April 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-08, *Presentation of Financial Statements and Property, Plant, and Equipment - Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which amended the reporting requirements for discontinued operations in ASC 205-20, *Presentation of Financial Statements - Discontinued Operations*, and limits discontinued operations reporting to a disposal of a component or a group of components of an entity in which the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when certain events occur. The standard is effective for disposals that occur within fiscal years beginning after December 15, 2014 and is to be applied prospectively. Due to the change in requirements for reporting discontinued operations, presentation and disclosure of future disposal transactions may be different than under current standards.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes the revenue recognition requirements in ASC 605 *Revenue Recognition* and most industry-specific guidance included in the ASC. The standard requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The standard is effective for fiscal years beginning after December 15, 2017, and is to be applied retrospectively, with early application permitted for fiscal years beginning after December 15, 2016. The Foundation is in the process of evaluating the impact the new standard will have on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements - Going Concern*, which provides guidance about management's responsibility to evaluate on an annual basis whether there is substantial doubt about an entity's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued and to provide certain related footnote disclosures. The standard is effective for fiscal years ending after December 15, 2016, and due to the change in requirements for reporting, presentation and disclosure of future evaluations of the entity's ability to continue as a going concern may be different than under current standards.

Reclassifications - Certain amounts in the prior year have been reclassified to conform to the presentation adopted in the current year. There was no impact on net assets.

3. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to credit risk consist of cash and cash equivalents, investments and receivables. The Foundation places its cash and cash equivalents with a limited number of high quality financial institutions and at times may exceed the amount of insurance provided on such deposits. Management believes no significant risk exists with respect to cash and cash equivalents.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the consolidated statements of financial position.

The Foundation does not maintain collateral for its receivables and does not believe significant risk exists at December 31, 2014 or 2013. The Foundation received 17% and 28% of its revenue from Whole Foods Market during the years ended December 31, 2014 and 2013, respectively. In addition, the Foundation received 67% and 65% of its revenue from individuals who donated through Whole Foods Market during the years ended December 31, 2014 and 2013, respectively.

4. INVESTMENTS

Investments were valued at fair value using the market approach and consisted of the following at December 31, 2014:

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 540,302	$ 540,302	$ -	$ -
Stock appreciation rights	126,646	-	126,646	-
Total Investments	$ 666,948	$ 540,302	$ 126,646	$ -

Investments at December 31, 2013 consisted of stock appreciation rights valued at $172,226 which were considered level 2 under the fair value hierarchy.

Investment income consisted of the following for the years ended December 31:

	2014	2013
Net unrealized gain (loss)	$ (25,278)	$ 65,413
Interest and dividends	1,359	1,659
Investment income (loss)	$ (23,919)	$ 67,072

5. FIXED ASSETS

Fixed assets consisted of the following at December 31:

	2014	2013
Furniture and equipment	$ 20,138	$ 15,880
Less accumulated depreciation	(12,751)	(7,341)
Fixed assets, net	$ 7,387	$ 8,539

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31:

	2014	2013
Innovation grant program	$ 500,000	$ -
Stock appreciation rights restricted for use in subsequent periods	126,646	172,226
Brooklyn fig tree program	3,680	1,079
Bee hive grant program	-	26,000
	$ 630,326	$ 199,305

7. RELATED PARTY TRANSACTIONS

The Foundation received the following contributions from Whole Foods Market at December 31:

	2014	2013
Cash and other assets	$ 4,185	$ 197,755
Funded services including expenses such as salaries, benefits, travel, and external legal counsel	928,831	847,415
Professional services including accounting, legal, information technology, marketing, facilities and communication services	71,431	68,542
Total included in consolidated financial statements	$ 1,004,447	$ 1,113,712

8. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through March 24, 2015 (the date the consolidated financial statements were available to be issued) and no events have occurred from the consolidated statement of financial position date through that date that would impact the consolidated financial statements.

SUPPLEMENTAL SCHEDULES

WHOLE KIDS FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2014

	Whole Kids Foundation (U.S.)	Whole Kids Foundation (Canada)	Whole Kids Foundation (U.K.)	Eliminations	Total
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 3,738,984	-	-	-	3,738,984
Contributions receivable	620,352	119,677	-	(38,846)	701,183
Other assets	18,333	-	-	-	18,333
Total current assets	4,377,669	119,677	-	(38,846)	4,458,500
INVESTMENTS	666,948	-	-	-	666,948
FIXED ASSETS, net	7,387	-	-	-	7,387
TOTAL ASSETS	$ 5,052,004	119,677	-	(38,846)	5,132,835
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Grants payable	$ 14,000	-	-	-	14,000
Intercompany payable	-	-	38,846	(38,846)	-
Total liabilities	14,000	-	38,846	(38,846)	14,000
NET ASSETS:					
Unrestricted:					
Undesignated	3,887,678	119,677	(38,846)	-	3,968,509
Board designated	520,000	-	-	-	520,000
Temporarily restricted	630,326	-	-	-	630,326
Total net assets	5,038,004	119,677	(38,846)	-	5,118,835
TOTAL LIABILITIES AND NET ASSETS	$ 5,052,004	119,677	-	(38,846)	5,132,835

WHOLE KIDS FOUNDATION

CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Whole Kids Foundation (U.S.)	Whole Kids Foundation (Canada)	Whole Kids Foundation (U.K.)	Eliminations	Total
UNRESTRICTED NET ASSETS:					
REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS:					
Contributions	$ 5,244,143	66,592	-	-	5,310,735
Investment income (loss)	21,661	-	-	-	21,661
Other income (expense)	-	(8,297)	2,360	-	(5,937)
Total revenues	5,265,804	58,295	2,360	-	5,326,459
Net assets released from restrictions	31,434	-	-	-	31,434
Total revenues and net assets released from restrictions	5,297,238	58,295	2,360	-	5,357,893
EXPENSES:					
Program	4,121,526	-	41,206	-	4,162,732
Management and general	243,782	-	-	-	243,782
Fundraising and communications	164,550	-	-	-	164,550
Total expenses	4,529,858	-	41,206	-	4,571,064
Change in unrestricted net assets	767,380	58,295	(38,846)	-	786,829
TEMPORARILY RESTRICTED NET ASSETS:					
Contributions	508,035	-	-	-	508,035
Investment income (loss)	(45,580)	-	-	-	(45,580)
Net assets released from restrictions	(31,434)	-	-	-	(31,434)
Change in temporarily restricted net assets	431,021	-	-	-	431,021
CHANGE IN NET ASSETS	1,198,401	58,295	(38,846)	-	1,217,850
NET ASSETS, beginning of year	3,839,603	61,382	-	-	3,900,985
NET ASSETS, end of year	$ 5,038,004	119,677	(38,846)	-	5,118,835