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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Foodservice Consultants Society International

Report on the Financial Statements

We have audited the accompanying financial statements of Foodservice Consultants Society International, which comprise the statement of financial position as of December 31, 2012, the statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Foodservice Consultants Society International as of December 31, 2012, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Campbell, Keel & Associates, P.S.C.

Louisville, Kentucky

March 5, 2013
FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2012

ASSETS

Cash $ 92,790
Accounts receivable 43,718
Prepaid expenses 136,364
TOTAL ASSETS $ 272,872

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable $ 3,250
Income Taxes payable 1,652
TOTAL LIABILITIES 4,902

NET ASSETS

Unrestricted 267,970

TOTAL LIABILITIES AND NET ASSETS $ 272,872

The accompanying notes are an integral part of these financial statements.
FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

REVENUES AND OTHER SUPPORT

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>$298,258</td>
</tr>
<tr>
<td>Dues - Europe, Africa and the Middle East</td>
<td>89,580</td>
</tr>
<tr>
<td>Dues - America</td>
<td>70,174</td>
</tr>
<tr>
<td>Dues - Asia Pacific</td>
<td>13,157</td>
</tr>
<tr>
<td>Other</td>
<td>17,434</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES AND OTHER SUPPORT</strong></td>
<td><strong>488,603</strong></td>
</tr>
</tbody>
</table>

EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Publication</td>
<td>238,549</td>
</tr>
<tr>
<td>Office</td>
<td>260,775</td>
</tr>
<tr>
<td>Special Projects</td>
<td>29,635</td>
</tr>
<tr>
<td>Board and Officer</td>
<td>80,513</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>609,472</strong></td>
</tr>
</tbody>
</table>

EXCESS OF REVENUE OVER EXPENSES BEFORE INCOME TAXES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Taxes</td>
<td>-</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td>(120,869)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET ASSETS, BEGINNING OF PERIOD</td>
<td>388,839</td>
</tr>
<tr>
<td><strong>NET ASSETS, END OF PERIOD</strong></td>
<td><strong>$267,970</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets $ (120,869)

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Changes in operating assets and liabilities

Accounts receivable 32,046
Prepaid expenses and other current assets (118,924)
Accounts payable (1,478)

CASH USED FOR OPERATING ACTIVITIES (209,225)

NET DECREASE IN CASH (209,225)

CASH, BEGINNING OF PERIOD 302,015

CASH, END OF PERIOD $ 92,790

The accompanying notes are an integral part of these financial statements.
NOTE 1 – NATURE OF ORGANIZATION

Nature of Organization

Foodservice Consultants Society International (FCSI) (the Organization) focuses on the furtherance of professionalism in foodservice and hospitality consulting through education and personal development, including the certification of consultants. It refers independent consulting firms to prospective clients. FCSI also provides a forum for consultants and those who work with consultants to discuss matters of relevance to the continued development and growth of the foodservice and hospitality industry worldwide.

FCSI publishes five times a year, The Consultant, which is their official professional journal.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accounting system is maintained on the accrual basis of accounting.

In preparing its financial statements the Organization classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- **Unrestricted net assets**: Net assets that are not subject to donor-imposed stipulations.

- **Temporarily restricted net assets**: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or by the passage of time.

- **Permanently restricted net assets**: Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization.

Donated Services

The value of services contributed by volunteers is not reflected in these financial statements as it is not clearly measurable.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers undesignated cash and investments with original maturities of twelve months or less to be cash equivalents.

The accompanying notes are an integral part of these financial statements.
NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Uncollected accounts receivable are charged directly against earnings when they are determined to be uncollectible. The company has charged off $7,205 for the period ending December 31, 2012.

Foreign currency translation

Accounts in foreign currencies have been translated into US dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the period end exchange rate. Non-monetary assets have been translated at the rate prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year.

Estimates

In preparing its financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the statement of financial position and the reported amounts of revenues and expense in the statement of activities for the reporting periods. Actual results could differ from those estimates.

Income taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (6) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is subject to a tax on income from any unrelated business. The advertising income derived from the publication of The Consultant and the membership directory is to be considered unrelated business income.

Management has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization’s financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2012.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2007.

The accompanying notes are an integral part of these financial statements.
FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

Subsequent events have been evaluated through March 5, 2013 which is the date the financial statements were available to be issued.

NOTE 3 – CASH CONCENTRATIONS

From time to time, the Organization’s deposits in the cash operating account exceed the FDIC insured limit of $250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 – CONTRACTUAL OBLIGATIONS

FCSI has contracted with AEC Management Resources, Inc. to provide association management services to the organization. Under the terms of the agreement, FCSI is obligated to pay the following amounts in US dollars:

<table>
<thead>
<tr>
<th>Period ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$125,000</td>
</tr>
<tr>
<td>2014</td>
<td>125,000</td>
</tr>
<tr>
<td>2015</td>
<td>83,333</td>
</tr>
<tr>
<td></td>
<td><strong>$333,333</strong></td>
</tr>
</tbody>
</table>

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