WHOLE CITIES FOUNDATION

Financial Statements as of December 31, 2015 and for the Period from Inception (September 7, 2012) to December 31, 2015, with Supplementary Information and Independent Auditors' Report

MAXWELL & LOCKE & RITTER

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Whole Cities Foundation:

We have audited the accompanying financial statements of Whole Cities Foundation (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the period from inception (September 7, 2012) to December 31, 2015, 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.

Auditors' 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 auditors' 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 the Foundation as of December 31, 2015, and the changes in its net assets and its cash flows for the period from inception (September 7, 2012) to December 31, 2015 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 financial statements as a whole. The supplementary information included in the schedule of funding commitments 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 related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Maxwell Locke + Ritter LLP

Austin, Texas
March 4, 2016

WHOLE CITIES FOUNDATION

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	1,417,397
Contributions receivable		385,481
Total current assets		1,802,878
INVESTMENTS		49,422
LONG-TERM CONTRIBUTIONS RECEIVABLE		14,928
FIXED ASSETS, net		2,420
TOTAL ASSETS	$	1,869,648
LIABILITIES AND NET ASSETS		
LIABILITIES-		
Grants payable	$	100,000
NET ASSETS:		
Unrestricted		1,722,985
Temporarily restricted		46,663
Total net assets		1,769,648
TOTAL LIABILITIES AND NET ASSETS	$	1,869,648

See notes to financial statements.

WHOLE CITIES FOUNDATION

STATEMENT OF ACTIVITIES
PERIOD FROM INCEPTION (SEPTEMBER 7, 2012) TO DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS:			
Contributions	$ 2,906,242	-	2,906,242
Contributions of stock appreciation rights	-	49,422	49,422
Other income	600	-	600
Net assets released from restrictions	2,759	(2,759)	-
Total revenues and net assets released from restrictions	2,909,601	46,663	2,956,264
EXPENSES:			
Program	482,100	-	482,100
Management and general	665,044	-	665,044
Fundraising and communications	39,472	-	39,472
Total expenses	1,186,616	-	1,186,616
CHANGE IN NET ASSETS	1,722,985	46,663	1,769,648
NET ASSETS, beginning of period	-	-	-
NET ASSETS, end of period	$ 1,722,985	46,663	1,769,648

See notes to financial statements.

WHOLE CITIES FOUNDATION

STATEMENT OF CASH FLOWS
PERIOD FROM INCEPTION (SEPTEMBER 7, 2012) TO DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 1,769,648
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	678
Contributions of stock appreciation rights	(49,422)
Changes in operating assets and liabilities that used cash:	
Contributions receivable	(400,409)
Grants payable	100,000
Net cash provided by operating activities	1,420,495
CASH FLOWS FROM INVESTING ACTIVITES-	
Purchases of fixed assets	(3,098)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,417,397
CASH AND CASH EQUIVALENTS, beginning of period	-
CASH AND CASH EQUIVALENTS, end of period	$ 1,417,397

See notes to financial statements.

1. NATURE OF OPERATIONS

Whole Cities Foundation (the "Foundation") is a nonprofit organization that was established by Whole Foods Market, Inc. ("Whole Foods Market") and was incorporated on September 7, 2012. The Foundation's mission is to improve individual and community health through collaborative partnerships, education, and broader access to nutritious food in the communities it serves.

Program available include:

- Access to Healthy Foods
- Collaborative Partnerships
- Healthy Eating and Wellness Education

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying 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 ("ASC").

Classification of Net Assets - The Foundation is required to report information regarding its 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 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, 2015. Unconditional promises to give are recorded at fair value if expected to be collected in one year and at net present value if expected to be collected in more than one year. The Foundation did not record a net present value discount on the long-term contributions receivable as of December 31, 2015 as the amount would be insignificant. The long-term contribution receivable is due in 2017.

Investments - Investments consist of contributed Whole Foods Market stock appreciation rights, which are recorded at fair value using the market approach with inputs considered Level 2 under the fair value hierarchy. Any changes in market value are reported in the statement of activities as unrealized gains or losses.

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.

Impairment of Long-Lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset exceeds fair value, if the carrying amount of the asset is not recoverable. Management believes there has been no impairment of such assets as of December 31, 2015.

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 statement of activities. Accordingly, certain costs have been allocated based on estimates provided by management.

Income Tax Status - Whole Cities Foundation 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 Cities Foundation is subject to routine examinations of its returns; however, there are no examinations currently in progress. The Code imposes an excise tax of 2% (reduced to 1% if certain requirements are met) on net investment income of private foundations. There was no excise tax expense during the period from inception (September 7, 2012) to December 31, 2015.

Recently Issued Accounting Pronouncements - In May 2014 and August 2015, the FASB issued Accounting Standards Update ("ASU") No. 2014-09 and No. 2015-14, *Revenue from Contracts with Customers*, which supersede 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 retrospectively for fiscal years beginning after December 15, 2018 and early adoption is permitted. The Foundation is currently evaluating the impact the new standard will have on its 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 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.

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 statement of financial position.

The Foundation does not maintain collateral for its receivables and does not believe significant risk exists at December 31, 2015. The Foundation received 69% of its revenue from Whole Foods Market during the period from inception (September 7, 2012) to December 31, 2015. In addition, the Foundation received 5% of its revenue from individuals who donated to the Foundation through Whole Foods Market during the period from inception (September 7, 2012) to December 31, 2015.

4. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2015:

Furniture and equipment	$	3,098
Less accumulated depreciation		(678)
Fixed assets, net	$	2,420

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 consisted of stock appreciation rights restricted for use in subsequent periods.

6. RELATED PARTY TRANSACTIONS

The Foundation received the following contributions from Whole Foods Market during the period from inception (September 7, 2012) to December 31, 2015:

Cash	$ 1,140,744
Funded services including expenses such as salaries, benefits, travel, and external legal counsel	818,168
Professional services including accounting, legal, information technology, marketing, facilities and communication services	68,941
Total included in financial statements	$ 2,207,853

During 2014, Whole Foods Market committed $1,000,000 to the Foundation that would be payable over three years. At December 31, 2015, approximately $333,000 remained outstanding and is included in contributions receivable in the statement of financial position.

7. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through March 4, 2016 (the date the financial statements were available to be issued) and no events have occurred from the statement of financial position date through that date that would impact the financial statements.

SUPPLEMENTAL SCHEDULE

WHOLE CITIES FOUNDATION

SCHEDULE OF FUNDING COMMITMENTS
PERIOD FROM INCEPTION (SEPTEMBER 7, 2012) TO DECEMBER 31, 2015

Partner	Total Authorized	Funded as of Year End 2015	Grants Payable Scheduled to be disbursed
Broad Community Connections	$ 100,000	$ 35,000	$ 65,000
Backyard Gardeners Network	30,000	10,000	20,000
Market Umbrella	18,000	18,000	-
The Food Trust	30,000	15,000	15,000
UMMC	10,000	10,000	-
Foot Print Farms	37,500	37,500	-
No Boundaries Coalition	1,500	1,500	-
Fair Food Network	18,000	18,000	-
Truly Living Well	4,800	4,800	-
Feast Down East	4,800	4,800	-
Farm Truck 912	4,800	4,800	-
Friendship Trays / Friendship Gardens	4,800	4,800	-
The Nashville Food Project	4,800	4,800	-
Ujamaa Freedom Market	4,800	4,800	-
Harvest Hope Food Bank	4,800	4,800	-
Chattanooga Mobile Market	4,800	4,800	-
El Terreiro de Arte e Cultura	4,800	4,800	-
Landmark Development	4,800	4,800	-
Urban Ministry	4,800	4,800	-
	$ 297,800	$ 197,800	$ 100,000