



World Cocoa  
Foundation

## **Financial Statements**

*For the Year Ended December 31, 2017*

*(With Summarized Financial Information for the Year Ended December 31, 2016)*

**and  
Report Thereon**



**WORLD COCOA FOUNDATION, INC.**

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**For the Year Ended December 31, 2017**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
World Cocoa Foundation, Inc.

We have audited the accompanying financial statements of the World Cocoa Foundation, Inc. (WCF), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses 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 of 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 the World Cocoa Foundation, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Continued**

## **Report on Summarized Comparative Information**

We have previously audited WCF's 2016 financial statements, and in our report dated May 11, 2017, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
May 9, 2018

**WORLD COCOA FOUNDATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2017**

**(With Summarized Financial Information as of December 31, 2016)**

	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,338,085	\$ 7,413,969
Accounts receivable	1,234,706	975,245
Pledges and grants receivable, net	5,335,742	7,821,050
Prepaid expenses	110,494	83,582
Property and equipment, net	90,311	121,904
Investments for deferred compensation	-	250,196
Security deposit	15,936	16,291
	<u>\$ 14,125,274</u>	<u>\$ 16,682,237</u>
<b>TOTAL ASSETS</b>		
	<u>\$ 14,125,274</u>	<u>\$ 16,682,237</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 898,091	\$ 881,737
Deferred income	852,572	349,731
Deferred compensation	-	250,196
Deferred rent	13,315	23,989
	<u>1,763,978</u>	<u>1,505,653</u>
<b>TOTAL LIABILITIES</b>		
	<u>1,763,978</u>	<u>1,505,653</u>
<b>Net Assets</b>		
Unrestricted	1,703,252	1,168,245
Temporary restricted	10,658,044	14,008,339
	<u>12,361,296</u>	<u>15,176,584</u>
<b>TOTAL NET ASSETS</b>		
	<u>12,361,296</u>	<u>15,176,584</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		
	<u>\$ 14,125,274</u>	<u>\$ 16,682,237</u>

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

**WORLD COCOA FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2017**

**(With Summarized Financial Information for the Year Ended December 31, 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 1,000	\$ 2,740,933	\$ 2,741,933	\$ 3,506,456
Dues	2,296,652	-	2,296,652	2,023,230
Government grants	1,264,850	-	1,264,850	1,569,633
Registration fees and sponsorships	314,605	-	314,605	349,560
Fees for service	178,961	-	178,961	203,605
In-kind contributions	-	-	-	192,765
Investment income	5,709	-	5,709	15,716
Other income	10,112	-	10,112	2,228
Net asset released from restrictions:				
Satisfaction of purpose restrictions	<u>6,091,228</u>	<u>(6,091,228)</u>	<u>-</u>	<u>-</u>
 <b>TOTAL REVENUE AND SUPPORT</b>	 <u>10,163,117</u>	 <u>(3,350,295)</u>	 <u>6,812,822</u>	 <u>7,863,193</u>
 <b>EXPENSES</b>				
Program Services:				
West Africa	6,208,433	-	6,208,433	7,172,306
Climate smart cocoa, research and other programming	658,404	-	658,404	689,902
Partnership meeting	362,937	-	362,937	333,171
Southeast Asia and Latin America	<u>253,310</u>	<u>-</u>	<u>253,310</u>	<u>293,840</u>
 Total Program Services	 <u>7,483,084</u>	 <u>-</u>	 <u>7,483,084</u>	 <u>8,489,219</u>
Supporting Service:				
Management and general	<u>2,145,026</u>	<u>-</u>	<u>2,145,026</u>	<u>2,287,744</u>
 Total Supporting Service	 <u>2,145,026</u>	 <u>-</u>	 <u>2,145,026</u>	 <u>2,287,744</u>
 <b>TOTAL EXPENSES</b>	 <u>9,628,110</u>	 <u>-</u>	 <u>9,628,110</u>	 <u>10,776,963</u>
 <b>CHANGE IN NET ASSETS</b>	 535,007	 (3,350,295)	 (2,815,288)	 (2,913,770)
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 <u>1,168,245</u>	 <u>14,008,339</u>	 <u>15,176,584</u>	 <u>18,090,354</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u>\$ 1,703,252</u>	 <u>\$ 10,658,044</u>	 <u>\$ 12,361,296</u>	 <u>\$ 15,176,584</u>

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

WORLD COCOA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

(With Summarized Financial Information for the Year Ended December 31, 2016)

	Program Services				Total Program Services	Supporting Service	2017 Total	2016 Total
	West Africa	Climate Smart Cocoa, Research and Other Programming	Partnership Meeting	Southeast Asia and Latin America		Management and General		
Salaries	\$ 1,617,286	\$ 60,166	\$ 74,801	\$ 24,355	\$ 1,776,608	\$ 1,074,053	\$ 2,850,661	\$ 2,877,733
Consultants and contracted services	2,009,361	170,417	160,664	180,489	2,520,931	162,580	2,683,511	1,857,130
Grants awarded	910,693	319,518	-	-	1,230,211	-	1,230,211	2,872,420
Employee benefits and payroll taxes	460,176	21,770	14,475	9,239	505,660	218,141	723,801	723,939
Travel	466,433	64,466	16,360	29,978	577,237	85,949	663,186	736,642
Occupancy	67,436	1,839	-	355	69,630	204,992	274,622	345,739
Bad debt	142,264	-	-	-	142,264	97,555	239,819	144,619
Legal fees	167,242	181	-	5,211	172,634	36,381	209,015	285,459
Meeting facility costs	64,835	13,960	85,080	470	164,345	14,804	179,149	127,830
Telecommunication and information technology	49,518	1,827	153	69	51,567	73,538	125,105	132,382
Equipment	91,068	653	-	-	91,721	10,528	102,249	44,365
Publications and subscriptions	11,542	43	251	3,000	14,836	54,924	69,760	77,825
Supplies and materials	55,136	2,776	3,263	78	61,253	7,170	68,423	48,859
Accounting and auditing fees	7,982	-	-	-	7,982	56,217	64,199	108,256
Depreciation and amortization	46,582	-	-	-	46,582	10,729	57,311	70,269
Bank fees and foreign exchange	19,895	392	4,890	66	25,243	8,845	34,088	72,863
Insurance	7,388	-	-	-	7,388	15,374	22,762	34,770
Taxes and regulatory fees	6,841	396	-	-	7,237	12,750	19,987	7,274
Sponsorships and contributions	6,755	-	3,000	-	9,755	496	10,251	14,617
In-kind program support	-	-	-	-	-	-	-	192,765
Advertising	-	-	-	-	-	-	-	1,207
<b>TOTAL EXPENSES</b>	<b>\$ 6,208,433</b>	<b>\$ 658,404</b>	<b>\$ 362,937</b>	<b>\$ 253,310</b>	<b>\$ 7,483,084</b>	<b>\$ 2,145,026</b>	<b>\$ 9,628,110</b>	<b>\$ 10,776,963</b>

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

**WORLD COCOA FOUNDATION, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2017**

**(With Summarized Financial Information for the Year Ended December 31, 2016)**

**Increase (Decrease) in Cash and Cash Equivalents**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,815,288)	\$ (2,913,770)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	57,311	70,269
Unrealized and realized gains, net	-	(19,550)
Changes in allowance for doubtful accounts	-	(21,175)
Changes in discount on pledges and grants receivable	(110,047)	(74,937)
Changes in assets and liabilities		
Accounts receivable	(259,461)	7,037
Pledges and grants receivable	2,595,355	1,681,545
Prepaid expenses	(26,912)	(24,169)
Security deposit	355	-
Accounts payable and accrued expenses	16,354	(266,927)
Deferred income	502,841	(152,174)
Deferred compensation	(250,196)	99,550
Deferred rent	(10,674)	(7,443)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(300,362)</b>	<b>(1,621,744)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	-	(80,000)
Forfeiture of 457(f) plan assets	-	158,365
Proceeds from 457(f) plan termination	250,196	-
Purchase of furniture and equipment	(25,718)	(59,939)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>224,478</b>	<b>18,426</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(75,884)</b>	<b>(1,603,318)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>7,413,969</b>	<b>9,017,287</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 7,338,085</b>	<b>\$ 7,413,969</b>

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



**WORLD COCOA FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017**

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1. Organization and Summary of Significant Accounting Policies

**Organization**

The World Cocoa Foundation, Inc. (WCF) is an international membership organization that catalyzes public-private action to accelerate cocoa sustainability. WCF champions multistakeholder partnerships, aligned public and private investment, policy dialogue, and joint learning and knowledge sharing to achieve transformative change in the cocoa supply chain. WCF is a nonprofit whose 100+ members from Africa, Asia, Europe and the Americas make up over 80% of the global chocolate and cocoa sector. These activities are funded primarily through contributions from WCF's members, foundations, government grants and dues.

**Basis of Accounting**

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

**Cash and Cash Equivalents**

Cash and cash equivalents include demand deposits and money market accounts and all highly liquid investments with initial maturities of three months or less.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**Pledges and Grants Receivable**

Pledges and grants receivable consist of unconditional promises to give that are expected to be collected in future years and grants classified as conditional promises to the extent that the conditions have been met but reimbursement from the grantor has not been received. Pledges and grants receivable are recorded as temporarily restricted support unless explicit donor stipulations or circumstances surrounding the pledge make clear that the donor intended them to be used to support activities of the current period.

Pledges receivable are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Pledges receivable are reviewed for collectibility, and a provision for doubtful pledges receivable is recorded based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

**Property and Equipment and Related Depreciation and Amortization**

Property and equipment are stated at cost or, if donated, at the approximate fair value at date of donation. WCF capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets, which range from five to seven years. WCF recognizes costs incurred in the

**WORLD COCOA FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Property and Equipment and Related Depreciation and Amortization (continued)**

development of monitoring and evaluation systems in accordance with the provisions of the accounting standards for internally developed software. Accordingly, costs incurred for the planning phase and operating phase of the systems and applications are expensed, whereas costs incurred in developing the applications and infrastructure are capitalized and amortized on a straight-line basis over an estimated useful life of three years. Leasehold improvements are amortized over their estimated useful life or the remaining life of the lease. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for major repairs that materially extend the useful life of assets are capitalized. Upon retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the accounts and the resulting gain or loss is included in revenue or expense, as appropriate.

**Classification of Net Assets**

The net assets of WCF are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of WCF's operations.
- Temporarily restricted net assets represent funds that are specifically restricted by donors for use in various programs and/or future periods.

**Revenue Recognition**

Grants and contributions are recognized as revenue in the accounting period in which they are received or when an unconditional promise to give is made. Contributions are considered available for unrestricted use unless specifically restricted by a donor. Amounts that are designated for future periods or restricted by the donor for a specific purpose are reported as temporarily restricted revenue and support in the accompanying statement of activities. When a donor 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 released from restriction. Grants and contributions that have been committed to WCF, but have not been received as of year-end, are reflected as pledges and grants receivable in the accompanying statement of financial position. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at their present value using appropriate discount rates. Amortization of the discount is recorded as additional contribution or grant revenue and is used in accordance with donor-imposed restrictions, if any, on the contributions or grants. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional.

Income from membership dues is deferred and recognized over the period to which the dues relate. Income from conference registrations is deferred and recognized in the period in which the conference occurs. Accordingly, dues paid by members in advance of the membership period and registrations paid in advance of the conference are reported as deferred income in the accompanying statement of financial position.

**WORLD COCOA FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Revenue Recognition (continued)**

Revenue from government grants is treated as an exchange contract and is recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on these grants and contracts for which billings have not been presented to or collected from the awarding agency is included in accounts receivable in the accompanying statement of financial position.

**In-Kind Contributions**

In-kind contributions represent the value of donated services. Donations are recorded based on their estimated fair value at the date of donation and are included in in-kind contributions in the accompanying statement of activities. There were no in-kind contributions for the year ended December 31, 2017.

**Grant Expense Recognition**

Unconditional grants are expensed in the year in which the grant commitment is made to the partner organizations. Grant amounts not transferred immediately to the partner organizations in the year the grant commitments were made are included in accounts payable in the accompanying statement of financial position. Conditional grants are not included as expenses until such time as the conditions are substantially met.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct labor, square footage or funds flow (project revenue).

2. Accounts Receivable

Accounts receivable are primarily from member dues, program fees and government agencies. All accounts receivable are deemed fully collectible and due within a year.

**WORLD COCOA FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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3. Pledges and Grants Receivable

Pledges and grants receivable include contributions from foundations and multiyear pledges from WCF's members to fund various initiatives of WCF. All pledges receivable are deemed fully collectible and are due as follows:

Due in less than one year	\$ 3,002,983
Due in one to five years	<u>2,409,046</u>
Total Pledges and Grants Receivable	5,412,029
Less: Discount on Multiyear Pledges (3.25%)	<u>(76,287)</u>
Pledges and Grants Receivable, Net	<u>\$ 5,335,742</u>

4. Property and Equipment and Related Depreciation and Amortization

WCF's property and equipment consisted of the following at December 31, 2017:

Software	\$ 143,359
Furniture and equipment	52,036
Vehicles	42,221
Leasehold improvements	<u>34,999</u>
Total Property and Equipment	272,615
Less: Accumulated Depreciation and Amortization	<u>(182,304)</u>
Property and Equipment, Net	<u>\$ 90,311</u>

Depreciation and amortization expense was \$57,311 for the year ended December 31, 2017, and is included in depreciation and amortization in the accompanying statement of functional expenses.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of December 31, 2017:

Cocoa Livelihood Program II	\$ 8,413,336
CocoaAction	1,395,920
Climate Smart Cocoa	482,208
Africa Cocoa Initiative	227,985
ECHOES Program	130,577
Cocoa Community Development Fund	<u>8,018</u>
Total Temporarily Restricted Net Assets	<u>\$ 10,658,044</u>

Temporarily restricted assets do not include the amounts approved by the WCF Board of Directors for calendar year 2018 related to anticipated contributions from participating members to fund CocoaAction up to approximately \$1,800,000. Prospective program

**WORLD COCOA FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017**

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5. Temporarily Restricted Net Assets (continued)

contributions from WCF members participating in CocoaAction are considered conditional contributions until invoiced, since the amount of individual member allocation is contingent upon the determination of the total amount of project cost incurred each quarter.

6. Risks and Commitments

**Concentration of Credit Risk**

WCF maintains its cash and cash equivalents in bank deposit and money market savings accounts which, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2017, WCF had balances in excess of the FDIC insured limits totaling \$7,022,228. WCF has not experienced any losses in such accounts. In addition, WCF also holds cash in bank accounts in foreign countries. As of December 31, 2017, cash held in foreign institutions was \$65,359.

**Concentration of Revenue**

A substantial portion of WCF's grant-related revenue is derived from WCF's members and the federal government. For the year ended December 31, 2017, total grant-related revenue attributable to WCF's members totaled approximately \$2,659,000 and represented approximately 66% of WCF's total grant-related revenue. WCF's federal grant revenue totaled approximately \$1,265,000 and represented approximately 32% of WCF's grant-related revenue.

**Foreign Operations**

WCF had operations in Ghana and Cote d'Ivoire during 2017. The West African foreign operations maintain cash accounts and fixed assets. The future of these programs may be adversely affected by a number of potential factors, such as currency devaluations, terrorist activity or changes in the political climate. As of December 31, 2017, assets in these countries totaled approximately \$91,000.

**Office of Management and Budget Uniform Guidance**

WCF has instructed its independent auditors to audit its applicable federal programs for the year ended December 31, 2017, in compliance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), issued by the U.S. Office of Management and Budget (OMB). Until such audit is reviewed and accepted by the contracting or granting agencies, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that any matters arising from the reviews by the federal or state agencies of the independent auditor's reports for the year ended December 31, 2017, will not have a material effect on WCF's financial position as of December 31, 2017, or its results of operations for the year then ended.

**WORLD COCOA FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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6. Risks and Commitments (continued)

**Operating Lease**

WCF has entered into various lease agreements for office space in Washington, DC; Accra, Ghana; and Abidjan, Cote d'Ivoire. The noncancelable operating lease agreements have various expiration dates through December 2019. Some of the leases contain a fixed escalation clause for increases in the annual minimum rent as well as WCF's proportionate share of real estate taxes and operating and maintenance costs of the landlord.

Under GAAP, all rental payments, including fixed rent increases, less any rental abatements and other incentives are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent in the accompanying statement of financial position.

Rent expense under these leases totaled \$260,392 for the year ended December 31, 2017, and is included in occupancy in the accompanying statement of functional expenses.

As of December 31, 2017, total future minimum lease payments required under these operating leases are as follows:

<u>For the Year Ending</u> <u>December 31,</u>	
2018	\$ 210,518
2019	<u>216,461</u>
Total	<u>\$ 426,979</u>

7. Pension Plans

**Defined Contribution Plan**

WCF maintains a defined contribution plan (the Plan) covering all U.S. employees at least 21 years of age with at least six months of service. Eligible employees may elect to defer and contribute to the Plan a portion of their compensation in amounts up to the maximum permitted by law. WCF currently matches elective employee contributions to the Plan each year up to 4% of the participant's compensation. In addition, WCF makes a profit-sharing contribution of 10% of all eligible employees' compensation on a five-year graded vesting schedule. Total expense for the Plan for the year ended December 31, 2017, was \$218,876.

**Deferred Compensation Plans**

WCF has a 457(b) deferred compensation plan (the 457(b) Plan) with three executives participating. The 457(b) Plan is funded by voluntary employee salary deferrals in accordance with regulations established under Section 457(b) of the Internal Revenue Code (the IRC). The funds for the 457(b) Plan are held in trust in a separate account and are invested by the executives. The assets related to the 457(b) Plan are not included in the accompanying statement of financial position, as WCF has no ongoing control over these assets.

**WORLD COCOA FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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7. Pension Plans (continued)

**Deferred Compensation Plans (continued)**

WCF also had a 457(f) deferred compensation plan (the 457(f) Plan) covering several key employees as approved by the Board of Directors. The plan was terminated in February 2017 with all individual participant account balances deemed fully vested and due. Final liquidation of the plan assets and distributions occurred in February 2017.

8. Income Taxes

The Internal Revenue Service has determined that WCF is exempt from federal income tax under Section 501(c)(3) of the IRC. As a qualifying domestic private foundation under Section 509(a) of the IRC, WCF may be subject to excise tax on its net investment income. For the year ended December 31, 2017, no provision for income taxes was made for WCF as WCF had no net unrelated business income. For the year ended December 31, 2017, no provision for excise taxes was made for WCF, as WCF had no net investment income.

WCF evaluated its uncertainty in income taxes for the year ended December 31, 2017, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2017, the statute of limitations for the years ended December 31, 2014, through December 31, 2016, remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which WCF files tax returns. It is WCF's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense.

9. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with WCF's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

10. Subsequent Events

In preparing the financial statements, management has evaluated events and transactions, for potential recognition or disclosure, through May 9, 2018, the date the financial statements were available to be issued.