

**ABOUND FOOD CARE**  
***FINANCIAL STATEMENTS***  
**DECEMBER 31, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Abound Food Care  
Santa Ana, California

### **Opinion**

We have audited the accompanying financial statements of Abound Food Care (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Abound Food Care as of December 31, 2023 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Information section of our report. We are required to be independent of Abound Food Care and to meet our other ethical responsibilities in accordance with the relevant ethical responsibilities in accordance with the relevant requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management for the Financial Information**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Abound Food Care's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibility for the Audit of the Financial Information**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit
- Identify and access the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit 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 Abound Food Care's internal control. Accordingly, no such opinion is expressed.
- Evaluate 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 schedule.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Abound Food Care's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control matters that we identified during the audit.

*Bentson, Vuona & Westersten, LLP*

**BENTSON, VUONA & WESTERSTEN, LLP**

Irvine, California

April 30, 2024

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**ABOUND FOOD CARE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**

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**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 1,070,947
Accounts receivable	90,461
Prepaid expenses	<u>12,006</u>

**TOTAL CURRENT ASSETS** 1,173,414

**FIXED ASSETS, NET** 627,017

**OTHER ASSETS**

Lease deposit	42,700
Right of use asset	<u>31,000</u>

**TOTAL OTHER ASSETS** 73,700

**TOTAL ASSETS** \$ 1,874,131

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**ABOUND FOOD CARE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**

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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 16,468
Accrued expenses	126,796
Lease liability	26,116
Deferred revenue	884,199

**TOTAL CURRENT LIABILITIES** 1,053,579

**LONG-TERM LIABILITIES**

Lease liability - long-term	<u>-</u>
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**TOTAL LONG TERM LIABILITIES** -

**TOTAL LIABILITIES** 1,053,579

**NET ASSETS**

Without donor restrictions	820,552
With donor restrictions	<u>-</u>

**TOTAL NET ASSETS** 820,552

**TOTAL LIABILITIES AND NET ASSETS** \$ 1,874,131

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**ABOUND FOOD CARE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Fees	\$ 532,135		\$ 532,135
Grants	-	300,801	300,801
Contracts	1,074,387	1,439,193	2,513,580
Contributions	55,565		55,565
Miscellaneous Revenue	25,841		25,841
Net assets received from restrictions	1,938,209	(1,938,209)	-
Total revenue	3,626,137	(198,215)	3,427,922
<b>EXPENSES</b>			
Programs	3,115,290	-	3,115,290
General and administrative	412,307	-	412,307
Fundraising	226	-	226
Total expenses	3,527,823	-	3,527,823
<b>CHANGE IN NET ASSETS</b>	98,314	(198,215)	(99,901)
<b>NET ASSETS, BEGINNING OF YEAR</b>	722,238	198,215	920,453
<b>NET ASSETS, END OF YEAR</b>	\$ 820,552	\$ -	\$ 820,552

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**ABOUND FOOD CARE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (99,901)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation expense	8,913
Decrease in accounts and grants receivable	74,518
Increase in other assets	(12,006)
Decrease in accounts payable	(84,349)
Increase in accrued expenses	70,158
Decrease in ROU asset	28,528
Decrease in deferred revenue	(554,994)
Net cash used by operating activities	<u>(569,133)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of fixed assets	<u>(437,715)</u>
Net cash used by investing activities	<u>(437,715)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on lease liability	<u>(33,412)</u>
Net cash used by financing activities	<u>(33,412)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (1,040,260)

**CASH, BEGINNING OF YEAR** 2,111,207

**CASH, END OF YEAR** \$ 1,070,947

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

**Cash paid for interest:** \$ -

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**ABOUND FOOD CARE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 1. NATURE OF ORGANIZATION**

Abound Food Care was incorporated in 2022 to implement solutions that address food waste and food insecurity throughout California and the nation. They provide solutions to facilitate collaboration with public, private and non-profit sectors to guide and support the implementation of regional food care programs that optimize the supply chain to end hunger and food waste. This is a public nonprofit corporation and is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code with a similar exemption under state laws.

Abound Food Care has adopted FASB accounting standards codification 958-205-45-2 for general purpose external financial statements provided by not for profit organization and among other provisions, requires the classification and disclosures of net assets, revenues, expenses, gains and losses, based on the existence or absence of donor imposed restrictions. They currently have only two classes of net assets, without donor restrictions and with donor restrictions.

Contributions received shall be reported as increases in net assets without restrictions unless uses of the assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions. Gains and losses on investments and other assets are reported as increases or decreases in net assets without restrictions. Once the donor stipulated purpose has been fulfilled or the stipulated time period has elapsed, assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The organization uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of presentation**

The net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

*Net assets without donor restrictions* – Net assets are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organizations pursuant to those stipulations or that expire by the passage of time.

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**ABOUND FOOD CARE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents**

For purposes of reporting cash flows the Organization considers highly liquid investments with maturities of three months or less to be cash equivalents. Amounts up to \$250,000 are insured by the FDIC.

**Property and Equipment**

Property and equipment are carried at cost, while donated equipment is stated at the fair value at the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to six years for instruments and ten years for vehicles.

**Income Taxes**

The Organization is exempt from Federal income tax under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Contributions to the Organization are deductible by the donor.

**Deferred Revenue**

Deferred revenue includes funds received from grants to be used in 2024.

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Containers (used for emergency meal storage in disadvantaged communities)	\$ 635,930
	<hr/> 635,930
Less accumulated depreciation	<hr/> (8,913)
Net Fixed Assets	<hr/> <hr/> \$ 627,017

Depreciation expense for the year ended December 31, 2023, was \$8,913.

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**ABOUND FOOD CARE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 4. DEFERRED REVENUE**

In 2023 the Organization received a grant from Equity in OC for \$250,000 to provide services through April 30, 2024. As of December 31, 2023, the Organization had received \$125,000 of these funds recording \$42,900 as grant revenue, leaving a balance of \$82,100 of deferred revenue. Also in 2023, the Organization received a grant from the Samueli foundation for \$1,050,000 to support the Orange County Hunger Alliance through December 31, 2024. As of December 31, 2023 the Organization had received all of these funds, recording \$247,901 as grant revenue leaving a balance of \$802,099 of deferred revenue at December 31, 2023.

**NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS**

There are no restricted net assets as of December 31, 2023

**NOTE 6. LEASE COMMITMENTS**

The building in which the Organization operates is located in Santa Ana, California. The lease calls for monthly payments of \$3,100 from November 2021 through October 2024. Total rent payments for 2023 were \$37,200.

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 37,200
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Right-of-use assets obtained in exchange for lease obligations:

Operating leases	\$ -
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Supplemental balance sheet information related to leases for the year end.

Operating leases:

Total lease right-of-use asset	\$ 31,000
Total lease liabilities	\$ 26,116
Weighted-average lease term	1
Weighted-average discount rate	7.00%

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**ABOUND FOOD CARE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 6. LEASE COMMITMENTS (continued)**

Maturities of lease liabilities for the year ended:

Operating leases		
2024	\$	26,116
Total lease payments		<u>26,116</u>
Less imputed interest		<u>-</u>
Total	\$	<u><u>26,116</u></u>

When applying the requirements of Topic 842, the Company made significant assumptions and judgements about the determination of whether a contract contains a lease and the determination of the discount for the lease.

The following is a schedule of future minimum lease payments required under the leases:

Year ended December 31,		
<u>2024</u>	\$	<u>31,000</u>
	\$	<u><u>31,000</u></u>

**NOTE 7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Financial assets at year end	\$	1,843,131
Less those unavailable for general expenditures within one year due to:		
Donor restrictions		<u>884,199</u>
Financial assets available to meet cash needs for general expenditure within one year.	\$	<u><u>958,932</u></u>

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**ABOUND FOOD CARE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 8. PROGRAM, FUNDRAISING AND GENERAL AND ADMINISTRATIVE EXPENSES**

<b>Program Expenses</b>	<u>Amount</u>
Salaries	\$ 502,466
Payroll taxes	30,462
Employee benefits	147,454
Advertising & marketing	4,480
Management	52,701
Professional fees	9,189
Information technology	7,685
Rentals	2,113
Office supplies	3,907
Kitchen & meal program	2,030,187
Conferences	12,937
Grants	5,560
Consulting	252,334
Travel	40,371
Other	13,444
<b>Total Program Expenses</b>	<u><u>\$ 3,115,290</u></u>

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**ABOUND FOOD CARE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 8. PROGRAM, FUNDRAISING AND GENERAL AND ADMINISTRATIVE EXPENSES (continued)**

<b>Fundraising Expenses</b>	<u>Amount</u>
Advertising & marketing	<u>\$ 226</u>
<b>Total Fundraising Expenses</b>	<u><u>\$ 226</u></u>

<b>General and Administrative Expenses</b>	<u>Amount</u>
Salaries	\$ 149,887
Payroll taxes	33,627
Employee benefits	77,095
Advertising	5,652
Professional fees	43,173
Management	1,104
Information technology	17,855
Insurance	8,296
Rent	32,316
Office supplies	7,227
Travel	1,379
Training & meetings	4,584
Other	30,112
<b>Total General and Administrative Expenses</b>	<u><u>\$ 412,307</u></u>

**NOTE 9. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events for purposes of recognition or disclosure in the financial statements through April 30, 2024, which is the date these financial statements were available to be issued.

No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.