

ABOUND FOOD CARE
FINANCIAL STATEMENTS
DECEMBER 31, 2022

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT 1

FINANCIAL STATEMENTS

Statement of Financial Position.....2-3
Statement of Activities 4
Statement of Cash Flows 5
Notes to the Financial Statements 6 – 12



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, 2022, 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, 2022 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

August 18, 2023

ABOUND FOOD CARE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,111,207
Accounts receivable	164,979

TOTAL CURRENT ASSETS 2,276,186

FIXED ASSETS, NET 198,215

OTHER ASSETS

Lease deposit	42,700
Right of use asset	59,528

TOTAL OTHER ASSETS 102,228

TOTAL ASSETS \$ 2,576,629

ABOUND FOOD CARE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 100,817
Accrued expenses	56,638
Lease liability	33,412
Deferred revenue	1,439,193

TOTAL CURRENT LIABILITIES 1,630,060

LONG-TERM LIABILITIES

Lease liability - long-term	<u>26,116</u>
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TOTAL LONG TERM LIABILITIES 26,116

TOTAL LIABILITIES 1,656,176

NET ASSETS

Without donor restrictions	722,238
With donor restrictions	198,215

TOTAL NET ASSETS 920,453

TOTAL LIABILITIES AND NET ASSETS \$ 2,576,629

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Fees	\$ 719,057	\$ -	\$ 719,057
Grants	10,150	-	10,150
Contracts	205,414	659,878	865,292
Contributions	52,578	-	52,578
Miscellaneous Revenue	22,016	-	22,016
Net assets received from restrictions	461,663	(461,663)	-
Total revenue	1,470,878	198,215	1,669,093
EXPENSES			
Programs	1,302,727	-	1,302,727
General and administrative	375,579	-	375,579
Fundraising	12,584	-	12,584
Total expenses	1,690,890	-	1,690,890
CHANGE IN NET ASSETS	(220,012)	198,215	(21,797)
NET ASSETS, BEGINNING OF YEAR	942,250	-	942,250
NET ASSETS, END OF YEAR	\$ 722,238	\$ 198,215	\$ 920,453

ABOUND FOOD CARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$	(21,797)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase in accounts and grants receivable		(164,978)
Increase in accounts payable		100,867
Increase in accrued bonuses		16,000
Increase in accrued PTO expense		28,587
Increase in miscellaneous accruals		12,000
Increase in deferred revenue		1,439,193
		1,409,872
Net cash provided by operating activities		1,409,872

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets		-
		-
Net cash used by investing activities		-

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash provided by financing activities		-
		-

NET INCREASE IN CASH AND CASH EQUIVALENTS		1,409,872
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CASH, BEGINNING OF YEAR		701,335
		701,335

CASH, END OF YEAR	\$	2,111,207
		2,111,207

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest:	\$	-
		-

ABOUND FOOD CARE
NOES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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.

ABOUND FOOD CARE
NOES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 the County of Orange in 2022 to be used by the Organization in the first half of 2023.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Containers (used for emergency meal storage in disadvantaged communities)	\$ 198,215
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	198,215
Less accumulated depreciation	<hr/>
	-
Net Fixed Assets	<hr/> <hr/>
	\$ 198,215

Depreciation expense for the year ended December 31, 2022, was \$0. The Containers have not yet been placed in service.

ABOUND FOOD CARE
NOES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4. DEFERRED REVENUE

In 2022 the Organization received a grant from the County of Orange for \$2,000,000 to acquire and install cold storage containers and prepare 50,000 meals by June 30, 2023. As of December 31, 2022, the Organization had spent \$560,807 of these funds leaving a balance of \$1,439,193 of deferred revenue. During the first half of 2023 the Organization completed acquisition of the containers and prepared the remainder of the meals, thus earning the remainder of the grant. The Organization submitted its reporting of all receipts and paperwork to the County as required by the grant reporting deadline July 31, 2023.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

The Board of Directors of the Organization has designated the entirety of the \$198,215 of Net Assets with Donor Restrictions to projects that will occur in future years.

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 2022 were \$37,200.

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

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

Operating leases	<u>\$ 95,355</u>
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Supplemental balance sheet information related to leases for the year end.

Operating leases:

Total lease right-of-use asset	\$ 59,528
Total lease liabilities	\$ 59,528
Weighted-average lease term	2
Weighted-average discount rate	7.00%

ABOUND FOOD CARE
NOES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 6. LEASE COMMITMENTS (continued)

Maturities of lease liabilities for the year ended:

Operating leases		
2023	\$	33,412
2024		26,116
Total lease payments		<u>59,528</u>
Less imputed interest		-
Total	\$	<u>59,528</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>2023</u>	\$	37,200
2024		<u>31,000</u>
	\$	<u>68,200</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	\$	2,517,101
Less those unavailable for general expenditures within one year due to:		
Donor restrictions		<u>1,439,193</u>
Financial assets available to meet cash needs for general expenditure within one year.	\$	<u><u>1,077,908</u></u>

ABOUND FOOD CARE
NOES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8. PROGRAM, FUNDRAISING AND GENERAL AND ADMINISTRATIVE EXPENSES

Program Expenses	<u>Amount</u>
Salaries	\$ 423,194
Employe benefits	8,836
Advertising & marketing	1,179
Insurance	2,485
Professional fees	52,642
Rent	12,846
Repairs	1,072
Supplies	5,687
Kitchen & meal program	571,383
Direct client care	191,753
Communications	2,592
Dues & Subscriptions	227
Printing & postage	2,089
Training	689
Travel	15,829
Other	10,224
Total Program Expenses	<u><u>\$ 1,302,727</u></u>

ABOUND FOOD CARE
NOES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Fundraising Expenses	<u>Amount</u>
Advertising & marketing	\$ 5,296
Dues & subscriptions	1,266
Printing & postage	822
Training & meetings	2,285
Travel	<u>2,915</u>
 Total Fundraising Expenses	 <u><u>\$ 12,584</u></u>

General and Administrative Expenses	<u>Amount</u>
Salaries	\$ 164,317
Payroll taxes	44,648
Employee benefits	83,473
Professional fees	44,463
Rent	24,800
Supplies	5,361
Communications	7,409
Training & meetings	300
Bank fees	<u>808</u>
 Total General and Administrative Expenses	 <u><u>\$ 375,579</u></u>

**ABOUND FOOD CARE
NOES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 9. RELATED PARTY TRANSACTIONS

During 2022, the Organization spent \$317,000 for food purchases and storage from a Company owned by one of the Organization's officers. As of December 31, 2022, the Organization owed this company \$0. The Organization has purchased a minimal amount from this company in 2023 and plans to discontinue purchases going forward.

NOTE 10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for purposes of recognition or disclosure in the financial statements through August 18, 2023, which is the date these financial statements were available to be issued. During the first half of 2023 the Organization continued to use the grant money received from the County of Orange to acquire and install four additional cold storage containers and complete and prepare over 50,000 meals fulfilling the terms of the grant. These kitchens are being used to distribute food to the homeless in Orange County.

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