



September 6, 2023

The Pun Group, LLP
1511 Corporate Way, Suite 220
Sacramento, CA 95831

We are providing this letter in connection with your review of the financial statements of Food Literacy Center (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and for the related statements of activities, functional expenses, and cash flows, for the year then ended and the related notes to the financial statements, for the purpose of obtaining limited assurance as a basis for reporting whether you are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, make it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of September 6, 2023, the following representations made to you during your review.

1. We acknowledge our responsibility and have fulfilled our responsibilities for the preparation and fair presentation of the financial statements in accordance accounting principles generally accepted in the United States of America, as set out in the terms of the engagement.
2. We have made available to you all—
 - a) Financial records and related data, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements.
 - b) Minutes of the meetings of the board of directors (or other similar bodies, as applicable), or summaries of actions of recent meetings for which minutes have not yet been prepared, if any.
 - c) Additional information you have requested from us for the purpose of the review.
 - d) Unrestricted access to personnel from whom you determined it necessary to obtain review evidence.



3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. All transactions have been recorded and have been properly reflected in the financial statements.
5. There are no uncorrected misstatements.
6. We acknowledge and have fulfilled our responsibility for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
7. We acknowledge our responsibility for designing, implementing, and maintaining internal control to prevent and detect fraud.
8. We have no knowledge of any fraud or suspected fraud affecting the Organization involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Organization's financial statements as a whole communicated by employees, former employees, volunteers, regulators, or others.
10. We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware and we have appropriately accounted for and disclosed such relationships and transactions.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
12. The following have been properly recorded or disclosed in the financial statements:
 - a. Related-party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.
 - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
 - c. Commitments to purchase or sell investments or agreements to repurchase assets previously sold.
 - d. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with *FASB ASC 275, Risks and Uncertainties*.



13. There are no:
- a) Known or suspected instances of noncompliance with laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by *FASB ASC 450, Contingencies*.
14. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with *FASB ASC 450, Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.
15. The Organization has satisfactory title of all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
16. There are no designations of net assets that were not properly authorized and approved or reclassifications of net assets that have not been properly reflected in the financial statements.
17. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
18. We believe significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable in the circumstances.
19. We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the Organization's accounts.
20. We have disclosed to you all information relevant to the use of the going concern assumption in the financial statements.
21. No events have occurred subsequent to the date of the Organization's financial statements and through the date of this letter that would require adjustment to, or disclosure in, the aforementioned financial statements.
22. We have responded fully and truthfully to all inquiries made to us by you during your review.



23. In regard to financial statement preparation and tax preparation services performed by you, we have—

- Assumed all management responsibilities.
- Designated an individual within senior management who has suitable skill, knowledge, and/or experience to oversee the services.
- Evaluated the adequacy and results of the services performed.
- Accepted responsibility for the results of the services.
- Ensured that the Organization's data and records are complete and received sufficient information to oversee the services.

24. The Organization's books and records are complete.

25. We did not receive federal awards in excess of \$750,000 and affirm that a single audit in accordance with Uniform Guidance was not required for the year ended December 31, 2022.

Signed: Amber K. Stott
CEO

Signed: Danea Thomas
Bookkeeper

Food Literacy Center

Sacramento, California

Financial Statements and Independent Accountants' Review Report

For the Year Ended December 31, 2022

*(With Summarized Comparative Financial Information
For the Year Ended December 31, 2021)*



Food Literacy Center
For the Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
of Food Literacy Center
Sacramento, California

We have reviewed the accompanying financial statements of Food Literacy Center (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
of Food Literacy Center
Sacramento, California
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Report on Summarized Comparative Information

The financial statements of the Organization as of and for the year ended December 31, 2021 were reviewed by other accountants whose report, dated May 9, 2022, expressed an unmodified conclusion on those financial statements. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2021, for it to be consistent with the reviewed financial statements from which it has been derived.

A handwritten signature in black ink that reads "The Rice Group, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
September 6, 2023

FINANCIAL STATEMENTS

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Food Literacy Center
Statement of Financial Position
December 31, 2022

(With Comparative Financial Information as of December 31, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	1,606,681	\$ 1,046,570
Contributions receivable, net	1,645,746	1,615,544
Equity securities	-	17,757
Other assets	3,934	9,892
Property and equipment, net	20,719	9,191
Total assets	\$ 3,277,080	\$ 2,698,954
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 2,313	\$ 6,402
Accrued expenses	48,818	39,850
Total liabilities	51,131	46,252
Net assets:		
Without donor restrictions:		
Board-designated for operating reserves	616,500	400,000
Board-designated for capital assets	20,000	20,000
Board-designated for maintenance	20,000	20,000
Undesignated	525,893	609,861
	1,182,393	1,049,861
With donor restrictions	2,043,556	1,602,841
Total net assets	3,225,949	2,652,702
Total liabilities and net assets	\$ 3,277,080	\$ 2,698,954

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

Food Literacy Center
Statement of Activities
For the Year Ended December 31, 2022

(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Revenue:				
Support and other revenue:				
Private grants and contributions	\$ 682,128	\$ 650,000	1,332,128	\$ 2,223,149
Government grants (COVID relief)	39,587	-	39,587	67,415
In-kind donations	26,677	-	26,677	102,732
Special events revenue	48,841	-	48,841	54,181
Less: Cost of direct benefits to donors	(8,985)	-	(8,985)	-
Program services revenue	36,450	-	36,450	3,750
Interest and other income	144	-	144	85
Total support and other revenue	824,842	650,000	1,474,842	2,451,312
Net assets released from restrictions	209,285	(209,285)	-	-
Total revenue	1,034,127	440,715	1,474,842	2,451,312
Expenses:				
Program services:				
Food Literacy program	721,431	-	721,431	600,357
Total program services	721,431	-	721,431	600,357
Supporting services:				
Management and general	93,930	-	93,930	66,949
Development	86,234	-	86,234	66,658
Total supporting services	180,164	-	180,164	133,607
Total expenses	901,595	-	901,595	733,964
Changes in net assets	132,532	440,715	573,247	1,717,348
Net assets:				
Beginning of year	1,049,861	1,602,841	2,652,702	935,354
End of year	<u>\$ 1,182,393</u>	<u>\$ 2,043,556</u>	<u>\$ 3,225,949</u>	<u>\$ 2,652,702</u>

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

Food Literacy Center
Statement of Functional Expenses
For the Year Ended December 31, 2022

(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	<u>Supporting Services</u>			2022 Total	2021 Total
	Food Literacy Program	Management and General	Development		
Expenses:					
Personnel expenses:					
Salaries and wages	\$ 400,684	\$ 55,254	\$ 55,203	\$ 511,141	\$ 357,433
Employee benefits	24,477	3,375	3,372	31,224	27,958
Payroll taxes	33,720	4,650	4,646	43,016	30,491
Staff development	13,542	1,868	1,866	17,276	12,497
Workers' compensation insurance	4,311	594	594	5,499	3,873
Subtotal personnel	<u>476,734</u>	<u>65,741</u>	<u>65,681</u>	<u>608,156</u>	<u>432,252</u>
Accounting fees	-	19,555	-	19,555	16,045
Bank and payroll charges	-	150	3,871	4,021	3,096
Depreciation	2,637	359	358	3,354	3,187
Grants to others	-	-	-	-	21,875
Insurance	2,601	359	358	3,318	3,654
In-kind food, supplies, and services	25,871	158	648	26,677	102,732
In-kind rent	153,095	2,987	2,984	159,066	39,519
Meetings	1,755	242	242	2,239	1,453
Miscellaneous	2,816	419	293	3,528	9,742
Occupancy	641	88	88	817	10,222
Office supplies	3,594	496	496	4,586	2,786
Other professional fees	3,312	54	974	4,340	11,900
Printing and postage	5,620	-	6,920	12,540	9,883
Program expenses	32,306	-	-	32,306	49,962
Software and website	6,671	3,098	3,097	12,866	12,876
Telecommunications	555	77	77	709	761
Travel and meals	2,520	50	50	2,620	1,160
Utilities	703	97	97	897	859
Total expenses	<u><u>\$ 721,431</u></u>	<u><u>\$ 93,930</u></u>	<u><u>\$ 86,234</u></u>	<u><u>\$ 901,595</u></u>	<u><u>\$ 733,964</u></u>

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

Food Literacy Center
Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Financial Information for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 573,247	\$ 1,717,348
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,354	(2,813)
Donated securities	-	(17,757)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable, net	(30,202)	(1,412,555)
Prepaid expenses	-	245
Other assets	5,958	(7,692)
Increase (decrease) in liabilities:		
Accounts payable	(4,089)	2,811
Accrued expenses	8,968	11,676
Refundable advance	-	(67,415)
Net cash provided by operating activities	<u>557,236</u>	<u>223,848</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments securities	17,757	-
Purchases of property and equipment	(14,882)	-
Net cash provided by investing activities	<u>2,875</u>	<u>-</u>
Net increase in cash and cash equivalents	560,111	223,848
Cash balance:		
Beginning of year	1,046,570	822,722
End of year	<u>\$ 1,606,681</u>	<u>\$ 1,046,570</u>

NOTES TO THE FINANCIAL STATEMENTS

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Food Literacy Center
Notes to the Financial Statements
For the Year Ended December 31, 2022

(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

Note 1 – Nature of Operations

Food Literacy Center (the “Organization”) of Sacramento, California is an independent, not-for-profit organization that was incorporated on November 16, 2011. Their stated mission is to inspire kids to eat their vegetables. The Organization teaches children in low-income elementary schools cooking, nutrition, gardening, and active play to improve the local community’s health, environment, and economy. The Organization is primarily funded through foundation and corporate grants, individual donations, and special events.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) where revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Comparative 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s reviewed financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. As of December 31, 2022 and 2021, management considered all of its contribution receivable balances to be collectible, therefore no allowance was recorded.

Food Literacy Center
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

Note 2 – Summary of Significant Accounting Policies (Continued)

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property and Equipment

Property and equipment are carried at cost, if purchased, or at estimated fair value on the date contributed, if donated, less accumulated depreciation. The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful life of each type of asset ranging from 5 to 7 years.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service. For the years ended December 31, 2022 and 2021, the Organization received no donated property or equipment.

Maintenance and repairs are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in other revenues (expenses) for the period.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restrictions:* Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. From time-to-time, the Board of Directors may earmark net assets from this category.
- *Net Assets with Donor Restrictions:* Net assets subject to donor- (or certain grantor-) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates those resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are considered available for general use, unless specifically restricted by donor or subject to other legal restrictions.

Food Literacy Center
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

The Organization recognizes revenue from service-learning programs during the year in which the related services are provided to students. The performance obligation of delivering service-learning activities is simultaneously received and consumed by the participants; therefore, the revenue is recognized ratably over the course of the program period. Any amounts received prior to the commencement of the service-learning activities are deferred to the applicable period.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable government and foundation contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of December 31, 2022 and 2021, the Organization has received cost-reimbursable grants totaling \$90,036 and \$309,664, respectively, that have not been recognized because qualifying expenditures have not yet been incurred.

Special event revenue is comprised of an exchange element based upon the direct benefits donor receive and a contribution element for the difference. Special event revenue is recognized equal to the fair value of direct benefits to donors when the event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place.

In-kind Contributions

Contributed nonfinancial assets include food, supplies, and discounted facility space which are recorded at the respective fair values of the good or services received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program service, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the criteria prescribed by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and are summarized on a functional basis in the statement of activities. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to both program and supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses, which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined from time-to-time by management.

Food Literacy Center
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

Note 2 – Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California code sections. The Organization is considered a public charity and has been classified as an Organization that is not a private foundation under IRC Section 170(b)(1)(a)(vi).

Management has processes presently in place to ensure maintenance of the Organization's tax-exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which the Organization has nexus; and to identify and evaluate other matters that may be considered tax positions. Management has evaluated the tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could vary from those estimates under different assumptions or conditions.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from funding sources supportive of the Organization's mission.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications have no impact on previously reported net assets.

Food Literacy Center
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 1,606,681	\$ 1,046,570
Contributions receivable, net	218,434	68,887
Equity securities	-	17,757
Other assets	-	9,892
Less: financial assets unavailable for general expenditures within one year, due to:		
Restrictions by donors for a specific purpose	(510,000)	-
Designated by the board of directors for reserves	(656,500)	(440,000)
	\$ 658,615	\$ 703,106

Board-designated reserves of \$656,500 can be made available if necessary. The Organization tries to maintain a liquid cash balance in checking and money market accounts in an amount necessary to meet anticipated expenditures for at least the next 60 days. Excess cash may be invested in short-term investments.

Note 4 – Contributions Receivable

Contributions receivable are estimated to be collected as follows as of December 31, 2022 and 2021:

	2022	2021
Unconditional promises to give	\$ 303,434	\$ 94,737
Promised use of facilities	1,572,446	1,731,512
Less: Unamortized discount	(216,984)	(210,705)
Contributions receivable, net	\$ 1,658,896	\$ 1,615,544

As of December 31, 2022 and 2021, collection of the contributions receivable balance (other than the promised use of facilities) was expected as follows:

	2022	2021
Amounts due in:		
Less than one year	\$ 218,434	\$ 68,887
One to five years	50,000	25,850
Thereafter	35,000	-
Total contributions receivable	\$ 303,434	\$ 94,737

Food Literacy Center
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

Note 4 – Contributions Receivable (Continued)

A discount rate of 3% and applies to the promised use of facilities. A discount rate of 6% applies to all other contributions receivable.

In October 2021, the Organization executed a ten-year lease agreement with the Sacramento City Unified School District whereby the Organization receives the use of a building, parking lot, and farm area (facilities) in Sacramento, California for no cost. The lease term may be extended by the written mutual consent of the parties.

Organizations that receive the free or discounted use of facilities, in which the donor retains legal title, for a specified period, should report these promises as contributions receivable and as donor restricted support that increases net assets restricted by donors. Expenses should be recognized in the periods the facilities are used. Therefore, the Organization recognized contributions of \$794 and \$1,560,326 for the free use of facilities during the years ended December 31, 2022 and 2021, respectively. Contributions receivable are amortized as facilities expense on a straight line basis over the respective terms. The Organization recognized facilities expenses of \$159,066 and \$39,520 for the years ended December 31, 2022 and 2021, respectively.

Note 5 – Investments

In accordance with generally accepted accounting principles, the Organization use the following prioritized input levels to measure fair value. The input levels used for valuing instruments are not necessarily an indication of risk.

- Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.
- Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data.
- Level 3 – Unobservable inputs which reflect the reporting entity’s assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments are reported at fair value and consist of the following as of December 31, 2021:

2021	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 17,757	\$ 17,757	\$ -	\$ -
Total	<u>\$ 17,757</u>	<u>\$ 17,757</u>	<u>\$ -</u>	<u>\$ -</u>

Food Literacy Center
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

Note 6 – Property and Equipment

Property and equipment consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Furniture and equipment	\$ 12,132	\$ 642
Land improvements	10,000	7,250
Computer equipment	-	6,862
Kitchen equipment	-	1,830
Less: accumulated depreciation	(1,413)	(7,393)
Total property and equipment, net	\$ 20,719	\$ 9,191

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Subject to expenditure for a specified purpose:		
Promised use of facility space	\$ 1,362,536	\$ 1,520,807
Floyd Farm	510,000	-
Subject to the passage of time	171,020	82,034
Total net assets with donor restrictions	\$ 2,043,556	\$ 1,602,841

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Expiration of time restrictions	\$ 209,285	\$ 288,279
Total	\$ 209,285	\$ 288,279

Food Literacy Center
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

Note 8 – In-kind Contributions

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities included the following:

2022	Food Literacy Program	Management and General	Development	Total
Occupancy	\$ 153,095	\$ 2,987	\$ 2,984	\$ 159,066
Food	20,523	-	-	20,523
Supplies	5,348	158	648	6,154
Total	\$ 178,966	\$ 3,145	\$ 3,632	\$ 185,743

2021	Food Literacy Program	Management and General	Development	Total
Occupancy	\$ 38,295	\$ 550	\$ 674	\$ 39,519
Food	43,477	-	-	43,477
Supplies	4,957	100	123	5,180
Professional services	44,226	4,422	5,427	54,075
Total	\$ 130,955	\$ 5,072	\$ 6,224	\$ 142,251

Contributed food and supplies are valued using estimated U.S wholesale prices (principal market) of identical or similar products using price data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of purchase. Contributed food and supplies are used in program services.

Contributed professional services are provided by professional consultants who assist with public relations and executive coaching. Contributed professional services are used for program and supporting services and are recognized at fair value based on current rates for similar services.

All gifts-in-kind received during the years ended December 31, 2022 and 2021 were unrestricted.

Note 9 – Concentrations

For the year ended December 31, 2022, approximately 60% of the Organization’s total revenue and support was provided by four funding sources. In addition, approximately 73% of contributions receivable (not including promised use of facilities) as of December 31, 2022, were due from three funding sources.

For the year ended December 31, 2021, approximately 72% of the Organization’s total revenue and support was provided by three funding sources. In addition, approximately 87% of contributions receivable (not including promised use of facilities) as of December 31, 2021, were due from two funding sources.

Food Literacy Center
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

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Note 10 – Commitments and Contingencies

The Organization has been awarded certain grants and contracts and are subject to financial and compliance requirements of the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although management does not expect such amounts, if any, to materially affect the financial statements.

Note 11 - Subsequent Events

The Organization has evaluated subsequent events through September 6, 2023, the date the financial statements are available to be issued and is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.

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