

**EXTRAFOOD.ORG**  
**(A NONPROFIT PUBLIC BENEFIT CORPORATION)**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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**INDEPENDENT AUDITOR'S REPORT**

June 28, 2023

Board of Directors  
ExtraFood.org  
Kentfield, California

**Opinion**

I have audited the accompanying financial statements of ExtraFood.org (a nonprofit public benefit corporation), 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.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ExtraFood.org as of December 31, 2022, and the changes in 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**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of ExtraFood.org and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 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 ExtraFood.org'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 Responsibilities for the Audit of the Financial Statements**

My 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 my 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

ExtraFood.org  
Kentfield, California

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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 financial statements.
- 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 ExtraFood.org'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 evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ExtraFood.org's ability to continue as a going concern for a reasonable period of time.

I am 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 related matters that I identified during the audit.



Healy and Associates  
Concord, California

**EXTRAFOOD.ORG**

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

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**ASSETS****CURRENT ASSETS:**

Cash and cash equivalents	\$ 604,941
Grants and contributions receivable	<u>275,272</u>

Total current assets 880,213

Fixed assets, net 66,326

TOTAL ASSETS \$ 946,539

**LIABILITIES AND NET ASSETS****CURRENT LIABILITIES:**

Accounts payable and accrued expenses	\$ 5,168
Accrued PTO payable	17,661
Accrued payroll payable	<u>37,143</u>

TOTAL LIABILITIES 59,972

**CONTINGENCY****NET ASSETS**

Without donor restrictions	674,567
With donor restrictions	<u>212,000</u>

TOTAL NET ASSETS 886,567

TOTAL LIABILITIES AND NET ASSETS \$ 946,539

**EXTRAFOOD.ORG**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

		Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT:</b>				
In-kind food donations		\$ 2,344,652	\$ -	\$ 2,344,652
Contributions		842,906	187,000	1,029,906
Fundraising events:				
Gross	43,737			
Less: expenses	<u>(1,546)</u>	42,191	-	42,191
Government grants		35,335	-	35,335
Interest income		184	-	184
		<u>3,265,268</u>	<u>187,000</u>	<u>3,452,268</u>
Net assets released from restriction		135,000	(135,000)	-
Total revenue and support		<u>3,400,268</u>	<u>52,000</u>	<u>3,452,268</u>
<b>EXPENSES:</b>				
Program		3,110,594	-	3,110,594
General and administrative		111,864	-	111,864
Fundraising		303,901	-	303,901
Total expenses		<u>3,526,359</u>	<u>-</u>	<u>3,526,359</u>
Change in net assets		(126,091)	52,000	(74,091)
NET ASSETS, beginning of year		<u>800,658</u>	<u>160,000</u>	<u>960,658</u>
NET ASSETS, end of year		<u>\$ 674,567</u>	<u>\$ 212,000</u>	<u>\$ 886,567</u>

See Notes to Financial Statements

**EXTRAFOOD.ORG**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	Program	General and Administrative	Fundraising	Total
EXPENSES:				
Personnel	\$ 569,865	\$ 55,531	\$ 197,658	\$ 823,054
Payroll taxes	43,851	3,976	15,807	63,634
Employee benefits	31,063	9,322	29,704	70,089
Total personnel	644,779	68,829	243,169	956,777
In-kind food distributed	2,344,652	-	-	2,344,652
Marketing	21,336	2,937	16,677	40,950
Vehicle expenses	28,950	40	6	28,996
Professional fees	743	27,699	-	28,442
Fundraising events and other	-	-	22,194	22,194
Depreciation	21,265	-	-	21,265
Consultants	8,434	160	10,762	19,356
Occupancy	8,442	769	3,059	12,270
Telecommunications and technology	10,334	477	1,321	12,132
Volunteer tools	7,376	-	-	7,376
Bank charges	13	20	6,815	6,848
Insurance	2,768	3,044	-	5,812
Software fees	868	2,411	810	4,089
Payroll fees	-	3,899	-	3,899
Small equipment, computers, and hardware	3,203	184	31	3,418
Travel and meals	2,286	127	64	2,477
Volunteer recognition	2,472	-	-	2,472
Office supplies	1,165	646	162	1,973
Postage and shipping	511	247	102	860
Printing and copying	544	32	108	684
Dues and memberships	453	42	167	662
Board expenses	-	301	-	301
Total expenses	<u>\$ 3,110,594</u>	<u>\$ 111,864</u>	<u>\$ 305,447</u>	<u>\$ 3,527,905</u>
Less expenses included with revenues on the statement of activities:				
Direct fundraising expenses	-	-	(1,546)	(1,546)
Total expenses included in the expense section of the statement of activities	<u>\$ 3,110,594</u>	<u>\$ 111,864</u>	<u>\$ 303,901</u>	<u>\$ 3,526,359</u>

**EXTRAFOOD.ORG**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ (74,091)
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Adjustments to reconcile change in net assets to  
cash used by operating activities:

Depreciation	21,265
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**CHANGES IN ASSETS AND LIABILITIES:**

Receivables	(115,835)
Accounts payable and accrued expenses	(13,572)
Accrued payroll and related expenses	<u>(8,914)</u>

NET CASH USED BY OPERATING ACTIVITIES	<u>(191,147)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES:**

Change in investments	<u>7,864</u>
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NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>7,864</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(183,283)
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CASH AND CASH EQUIVALENTS, beginning of year	<u>788,224</u>
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CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 604,941</u></u>
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**SUPPLEMENTAL INFORMATION - NON-CASH ACTIVITY:**

Donated food included in in-kind support	<u><u>\$ 2,344,652</u></u>
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Distributed in-kind food included in the expenses	<u><u>\$ (2,344,652)</u></u>
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**EXTRAFOOD.ORG**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

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**NOTE A – NATURE OF ACTIVITIES**

ExtraFood.org (Organization) is a California nonprofit public benefit corporation, founded in 2013 with its principal office in Kentfield, California. The Organization's mission is to help end hunger and wasted food in the North Bay. The food recovery program rescues excess fresh food from businesses, schools, and gardens and immediately delivers it to people facing food insecurity.

The Organization serves its beneficiaries through the following programs:

Food Rescue – The Organization rescues excess fresh food from any Marin business or school and immediately delivers the food to safety net partners - such as senior housing centers, after-school programs, and homeless shelters - serving Marin's most vulnerable children, seniors, and families, 365 days a year and free of charge.

Community Meals – The Organization also operates a Community Meals program, which uses the excess capacity of restaurants and caterers to give freshly-made meals to people in need.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Method and Basis of Presentation**

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments, if any, with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Grants and Contributions Receivable

Grants and contributions receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. All grants and contributions receivable as of December 31, 2022 are expected to be paid within one year. Management did not consider an allowance for doubtful accounts necessary as of December 31, 2022.

Fixed Assets

Fixed asset additions, in excess of \$5,000, are recorded at cost, or if donated, at fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, or seven years. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

Fair Value Measurements

The Organization's financial instruments include cash and cash equivalents measured using Level 1 inputs. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Fair Value Measurements (Continued)**

The Organization groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

- **Level 1**— Quoted prices for identical assets in active markets.
- **Level 2**—Observable inputs other than Level 1, which include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- **Level 3**— Unobservable inputs that cannot be corroborated by observable market data.

**Tax Exemption Status**

The Organization has received tax exempt status under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**Revenue Recognition**

The Organization is supported primarily through in-kind donations and contributions.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or 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.

The Organization recognizes donated food as revenue at fair value when received and distributed. Food is distributed on the same day received and is valued at industry rate per pound distributed. Donated food is distributed to beneficiaries of the programs described in Note A.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under the cost-reimbursable grants. The

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Revenue Recognition (Continued)**

Organization has approximately \$40,000 in cost-reimbursable grants that have not been recognized at December 31, 2022 because qualifying expenditures have not been incurred.

**Other In-kind Donations**

The Organization receives substantial support in the form of volunteer services; however, they do not meet the criteria for recognition. Donated services are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services for the year ended December 31, 2022 was \$0.

**Functional Allocation of Expenses**

The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited, either using square feet of space or personnel time records.

**Newly Adopted Accounting Principles**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a comprehensive new lease accounting model. It clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right of use asset for leases with a lease term of more than one year. It is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization adopted the standard on January 1, 2022. The Organization elected the 'package of practical expedients', which permitted the Organization not to reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs; and all of the new standard's available transition practical expedients. In addition, the Organization adopted the practical expedients of using the risk-free interest rate and the short-term lease definition. The adoption of the standard resulted in no change to Organization's financial statements.

**EXTRAFOOD.ORG**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

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**NOTE C – CONCENTRATIONS**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents accounts in financial institutions. Cash and cash equivalents, exceeding federally insured limits totaled \$326,208 as of December 31, 2022. In addition, the Organization has \$18,640 in funds on deposit in institutions that do not insure the deposits. The liquidity of the financial institution is monitored by management.

The Organization derived a significant portion (68%) of its revenue from donated food. Any loss of those donations could have an impact on the Organization's ability to provide services.

At December 31, 2022, two funders accounted for 68% of total receivables (36% and 32%).

**NOTE D – FIXED ASSETS**

Fixed assets as of December 31, 2022 are comprised of the following:

Vehicles	\$ 148,853
Accumulated depreciation	<u>(82,527)</u>
Total fixed assets	<u>\$ 66,326</u>

Depreciation expense are \$21,265 for the year ended December 31, 2022.

**NOTE E – EMPLOYEE BENEFITS**

The Organization's employees are entitled to paid time off. The amount of paid time off liability at December 31, 2022 is \$17,661, and is reflected in the accompanying financial statements.

In addition, the Organization offers unlimited paid time off to its Executive Director and Deputy Executive Director, whose time is accounted for in the period it is used. Their amount of paid time off liability at December 31, 2022 could not be determined and is thus not reflected in the accompanying financial statements.

The Organization offers participation in a 401(k) plan for eligible employees. The plan allows for discretionary employer matching of the employee salary deferral. Employer retirement matching expense for the year ended December 31, 2022 is \$0.

**EXTRAFOOD.ORG**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

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**NOTE F – IN-KIND DONATIONS**

For the year ended December 31, 2022, donations of food were received as follows:

Category	Valuation Technique	Quantity	Total Received
Food	≈\$2.50/lb	937,861 lbs	<u>\$ 2,344,652</u>
Total in-kind donations			<u>\$ 2,344,652</u>

**NOTE G – LEASES**

The Organization leases its space in Kentfield, California, on a month-to-month basis, at a rate of approximately \$930 per month. Rental expense for the year ended December 31, 2022 was \$12,225.

**NOTE H – CONTINGENCY**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. Management believes the Organization has complied with the terms of all grants.

**NOTE I – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 604,941
Receivables	<u>275,272</u>
Total financial assets	880,213
Less:	
Net assets with purpose restrictions to be met in one year	<u>(212,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 668,213</u></u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**EXTRAFOOD.ORG****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022**

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**NOTE J – NET ASSETS WITH DONOR RESTRICTIONS**

For the year ended December 31, 2022, net assets with donor restrictions had the following activity:

<u>Nature of Restriction</u>	<u>Beginning Balance</u>	<u>Income and Contribution</u>	<u>Released from Restriction</u>	<u>Ending Balance</u>
Time	\$ 160,000	\$ 187,000	(\$ 135,000)	\$ 212,000
Total	<u>\$ 160,000</u>	<u>\$ 187,000</u>	<u>(\$ 135,000)</u>	<u>\$ 212,000</u>

**NOTE K – SUBSEQUENT EVENTS**

Subsequent to year end, the Organization changed its name to ExtraFood and its fiscal year end to June 30.

The Organization has evaluated subsequent events for recognition and disclosure through June 28, 2023, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2022, that required recognition or disclosure in the financial statements.