Report of Independent Auditors and
Financial Statements

Food Forward, Inc.

December 31, 2025 and 2024

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Report of Independent Auditors

The Board of Directors
Food Forward, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Food Forward, Inc., which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Food Forward, Inc., as of December 31, 2025 and 2024, and the change in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- 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 Food Forward, Inc.'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Forward, Inc.'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–related matters that we identified during the audit.

Other Matter

Report on Summarized Comparative Information

We have previously audited Food Forward, Inc.'s December 31, 2023, financial statements, and our report, dated September 24, 2024, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it was derived.

Baker Tilly US, LLP

Irvine, California
August 31, 2026

Financial Statements

Food Forward, Inc.
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 832,347	$ 631,805
Investments	12,925,678	13,443,966
Contributions receivable, current portion	1,341,317	1,807,215
Prepaid expenses	85,915	91,118
Total current assets	15,185,257	15,974,104
NONCURRENT ASSETS		
Property and equipment, net	1,021,361	1,273,657
Contributions receivable, net	46,764	1,143,421
Right-of-use assets – operating leases	645,505	619,108
Deposits	9,383	9,383
Total assets	$ 16,908,270	$ 19,019,673
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 181,709	$ 87,596
Employee related accrued expenses	549,258	473,749
Operating lease liabilities, current portion	238,237	151,648
Total current liabilities	969,204	712,993
OPERATING LEASE LIABILITIES, long-term portion, net	561,808	438,091
Total liabilities	1,531,012	1,151,084
NET ASSETS		
Without donor restrictions	13,829,283	14,299,162
With donor restrictions	1,547,975	3,569,427
Total net assets	15,377,258	17,868,589
Total liabilities and net assets	$ 16,908,270	$ 19,019,673

See accompanying notes.

Food Forward, Inc.
Statements of Activities
(with prior year summarized comparative information)
Year Ended December 31, 2025

	Year Ended December 31, 2025			Year Ended
	Without Donor Restrictions	With Donor Restrictions	Total	December 31, 2024
REVENUE AND SUPPORT				
Grants and contributions	$ 6,522,839	$ 516,921	$ 7,039,760	$ 8,496,897
Investment income, net	603,224	-	603,224	1,056,778
Other income	4,549	-	4,549	1,438
Recovered produce and other in-kind	202,313,013	-	202,313,013	185,734,742
Special events revenue, net	44,989	-	44,989	155,210
Net assets released from restrictions	2,538,373	(2,538,373)	-	-
Total revenue and support	212,026,987	(2,021,452)	210,005,535	195,445,065
EXPENSES				
Program services				
Wholesale Produce Recovery	205,549,166	-	205,549,166	187,030,702
Community Programs	3,620,286	-	3,620,286	3,456,703
Total program services	209,169,452	-	209,169,452	190,487,405
Supporting services				
Management and general	1,889,246	-	1,889,246	1,967,837
Fundraising	1,438,168	-	1,438,168	1,490,671
Total supporting services	3,327,414	-	3,327,414	3,458,508
Total expenses	212,496,866	-	212,496,866	193,945,913
CHANGE IN NET ASSETS	(469,879)	(2,021,452)	(2,491,331)	1,499,152
NET ASSETS AT BEGINNING OF YEAR	14,299,162	3,569,427	17,868,589	16,369,437
NET ASSETS AT END OF YEAR	$ 13,829,283	$ 1,547,975	$ 15,377,258	$ 17,868,589

See accompanying notes.

Food Forward, Inc.
Statements of Activities
Year Ended December 31, 2024

	Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	$ 3,437,501	$ 5,059,396	$ 8,496,897
Investment income, net	1,056,778	-	1,056,778
Other income	1,438	-	1,438
Recovered produce and other in-kind	185,734,742	-	185,734,742
Special events revenue, net	155,210	-	155,210
Net assets released from restrictions	2,439,761	(2,439,761)	-
Total revenue and support	192,825,430	2,619,635	195,445,065
EXPENSES			
Program services			
Wholesale Produce Recovery	187,030,702	-	187,030,702
Community Programs	3,456,703	-	3,456,703
Total program services	190,487,405	-	190,487,405
Supporting services			
Management and general	1,967,837	-	1,967,837
Fundraising	1,490,671	-	1,490,671
Total supporting services	3,458,508	-	3,458,508
Total expenses	193,945,913	-	193,945,913
CHANGE IN NET ASSETS	(1,120,483)	2,619,635	1,499,152
NET ASSETS AT BEGINNING OF YEAR	15,419,645	949,792	16,369,437
NET ASSETS AT END OF YEAR	$ 14,299,162	$ 3,569,427	$ 17,868,589

See accompanying notes.

Food Forward, Inc.
Statement of Functional Expenses
(with prior year summarized comparative information)
Year Ended December 31, 2025

	Program Services			Supporting Services		
	Wholesale Produce Recovery	Community Programs	Total Program Services	Management and General	Fundraising	Total Expenses
Produce and other in-kind	$ 200,134,865	$ 2,123,677	$ 202,258,542	$ 2,443	$ 52,028	$ 202,313,013
Procured produce	1,502,688	15,945	1,518,633	18	391	1,519,042
Salaries	1,835,224	938,060	2,773,284	1,090,025	1,007,508	4,870,817
Benefits and payroll taxes	473,948	294,866	768,814	264,393	191,671	1,224,878
Transportation and lodging	545,175	52,419	597,594	10,110	3,436	611,140
Professional services	61,965	65,550	127,515	241,060	87,166	455,741
Occupancy	447,951	41,347	489,298	40,966	21,748	552,012
Depreciation and amortization	278,050	28,033	306,083	25,829	2,117	334,029
Equipment and maintenance	157,894	28,203	186,097	2,879	2,221	191,197
Office administration	43,408	8,897	52,305	161,359	23,277	236,941
Other	67,998	23,289	91,287	50,164	46,605	188,056
Total 2025 expenses	$ 205,549,166	$ 3,620,286	$ 209,169,452	$ 1,889,246	$ 1,438,168	$ 212,496,866
Allocation of expenses between program services and supporting services			98.4%	0.9%	0.7%	
Total 2024 expenses	$ 187,030,702	$ 3,456,703	$ 190,487,405	$ 1,967,837	$ 1,490,671	$ 193,945,913
Allocation of expenses between program services and supporting services			98.2%	1.0%	0.8%	

See accompanying notes.

Food Forward, Inc.
Statement of Functional Expenses
(with prior year summarized comparative information)
Year Ended December 31, 2024

	Program Services			Supporting Services		
	Wholesale Produce Recovery	Community Programs	Total Program Services	Management and General	Fundraising	Total Expenses
Produce and other in-kind	$ 183,323,448	$ 2,093,584	$ 185,417,032	$ 164,704	$ 153,006	$ 185,734,742
Salaries	1,781,310	898,130	2,679,440	924,465	867,184	4,471,089
Benefits and payroll taxes	524,410	219,127	743,537	298,287	161,872	1,203,696
Transportation and lodging	603,072	51,415	654,487	38,583	5,936	699,006
Professional services	141,761	73,974	215,735	208,560	151,038	575,333
Occupancy	178,140	16,889	195,029	97,926	3,100	296,055
Depreciation and amortization	271,798	30,934	302,732	18,981	3,908	325,621
Equipment and maintenance	144,572	20,427	164,999	4,183	4,708	173,890
Office administration	38,123	17,805	55,928	102,252	30,708	188,888
Other	24,068	34,418	58,486	109,896	109,211	277,593
Total 2024 expenses	$ 187,030,702	$ 3,456,703	$ 190,487,405	$ 1,967,837	$ 1,490,671	$ 193,945,913
Allocation of expenses between program services and supporting services			98.2%	1.0%	0.8%	
Total 2023 expenses	$ 169,503,601	$ 3,016,760	$ 172,520,361	$ 1,489,331	$ 904,982	$ 174,914,674
Allocation of expenses between program services and supporting services			98.6%	0.9%	0.5%	

See accompanying notes.

Food Forward, Inc.
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,491,331)	$ 1,499,152
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	334,029	325,621
Provision for uncollectible contributions receivable	4,000	17,750
Donated produce and other in-kind received	(202,313,013)	(185,734,742)
Donated produce and other in-kind distributed	202,313,013	185,734,742
Net realized and unrealized gain on investments	(571,165)	(953,589)
Noncash contributions of securities	(17,983)	(83,021)
Right-of-use asset and operating lease liability	27,390	-
Right-of-use asset – operating lease amortization	393,387	148,045
Change in operating assets and liabilities		
Contributions receivable	1,558,555	(1,950,573)
Prepaid expenses	5,203	38,625
Accounts payable and accrued liabilities	94,113	55,630
Employee related accrued expenses	75,509	127,472
Operating lease liability payments	(236,868)	(145,457)
Net cash used in operating activities	(825,161)	(920,345)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(11,468,495)	(15,316,401)
Proceeds from sale of investments	12,575,931	17,030,909
Purchases of property and equipment	(81,733)	(699,165)
Net cash provided by investing activities	1,025,703	1,015,343
NET CHANGE IN CASH AND CASH EQUIVALENTS	200,542	94,998
CASH AND CASH EQUIVALENTS, beginning of year	631,805	536,807
CASH AND CASH EQUIVALENTS, end of year	$ 832,347	$ 631,805
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash contributions of securities	$ 17,983	$ 83,021
Right-of-use asset	$ 419,784	$ -

See accompanying notes.

Note 1 – Organization

Food Forward, Inc. (the Organization) is a California public benefit corporation whose mission is to fight hunger and prevent food waste by rescuing fresh surplus produce, connecting this abundance with people in need, and inspiring others to do the same.

Programs include:

The Wholesale Produce Recovery program collects surplus produce by the pallet and truckload from wholesale produce vendors, distributors, and growers and donates it to hunger relief agencies. These partners, including food pantries, shelters, afterschool programs, and other organizations then distribute the produce free of charge to people experiencing food insecurity.

Community Programs: The Backyard Harvest program mobilizes volunteers to harvest excess fruit from private residences, commercial orchards, and public orchards and then donates the harvest to organizations serving people experiencing food insecurity. The Farmers Market Recovery program organizes volunteers to collect unsold produce from local farmers markets to donate to organizations serving people experiencing food insecurity.

Collectively, the programs regularly served organizations in twelve counties in California in 2025 and made occasional distributions to partners in neighboring states. These efforts resulted in the donation of enough produce each day to provide the United States Department of Agriculture's (USDA) recommended daily servings of fruits and vegetables for more than 300,000 people.

The Organization has continued to scale up its capacity for food recovery and distribution, partnering with a growing number of produce donors and additional hunger relief agencies to help mitigate food waste and to address food insecurity. In 2025, the Organization continued to operate efficiently, providing almost $204 million of in-kind and procured produce free of charge to people experiencing food insecurity, which is 24 times greater than the Organization's operating expenses of approximately $8.7 million.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation of financial statements – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles (GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash and cash equivalents – All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Investments – Investments are reported in the statements of financial position at fair value, with any realized or unrealized gains and losses reported net within investment income in the statements of activities. Investment income and gains and losses on investments, net of related expenses, are reported as increases or decreases in net assets without donor restrictions. The date of record for investments is the trade date.

Fair value of financial instruments – The fair value of the Organization's financial instruments represents management's best estimates for the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. Future events could affect the estimates of fair value when realized upon the liquidations of the investments. The estimate methods used by the Organization to determine fair value are further described in Note 4.

Contributions receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The net present value discount was $3,236 and $51,228 at December 31, 2025 and 2024, respectively, which was based on varying discount rates ranging between 3.71% and 4.77%. The allowance for uncollectible contributions receivable is estimated based on historical collection trends, age of outstanding receivables, and existing economic conditions. Management has determined no allowance for uncollectible amounts was necessary for the years ended December 31, 2025 and 2024. Conditional promises to give are not included as support until the conditions are substantially met. For the years ended December 31, 2025 and 2024, the Organization had no conditional grant commitments outstanding.

Property and equipment – The Organization's policy is to capitalize asset additions over $3,000. Property and equipment are stated at cost, with the exception of donated property and equipment, which are recorded at fair value on the date received. Depreciation and amortization have been provided on the straight-line method over the estimated useful lives of the assets, which are generally three to fifteen years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated lives or the term of the lease. Expenditures for repairs and maintenance are expensed as incurred.

Accounting for the impairment of long-lived assets and for the disposal of long-lived assets – The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the years ended December 31, 2025 and 2024, there were no events or changes in circumstances indicating that the carrying amounts of the property and equipment may not be recoverable.

Leases – The Organization recognizes an operating lease liability and a right-of-use (ROU) asset for all leases, including operating leases with an expected term greater than 12 months, on its statement of financial position. Operating lease ROU assets and liabilities are recognized on the statement of financial position at commencement date, which is the date that the Organization gains access to the property or underlying asset. The lease liability is determined based on the present value of the minimum rental payments using a risk-free discount rate in effect at the time of the lease commencement. The borrowing rate ranged from 1.55% to 3.91% for the years ended December 31, 2025 and 2024. The ROU asset is determined based on the lease liability adjusted for lease incentives received. Operating lease cost is recognized on a straight-line basis over the lease term. Certain optional renewal periods were not included in the determination of the lease liability and ROU asset if management determined it was not reasonably certain that the lease would be extended.

Classification of 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 that are not subject to donor- or grantor-imposed restrictions. These net assets may be available for general operations or may be designated by the Board of Directors for specific purposes.

Net assets with donor restrictions – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example, contributed assets that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. There were no amounts required to be held in perpetuity at December 31, 2025 and 2024. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition – Revenue is recognized when earned. Unconditional grants and contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Event sponsorships received in advance are deferred to the applicable period in which the related services are performed, or event occurs. Revenue from special events is recognized on an accrual basis when the event takes place.

Approximately 37% of total grants and contributions revenue for the year ended December 31, 2025, was provided by two funders. Approximately 36% of total grants and contributions revenue for the year ended December 31, 2024, was provided by one funder.

In-kind contributions – Contributed goods and services are recorded at fair value at the date of donation. Contributed services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Volunteers contribute significant amounts of time to the Organization and its programs; however, the financial statements do not reflect the value of their contributed time as they do not meet the requirements for recognition as prescribed by GAAP. See Note 9.

Marketing and outreach – Outreach, advertising, and marketing expenditures are charged to operations when incurred. Outreach and advertising expenses were $50,437 and $111,164, respectively, for the years ended December 31, 2025 and 2024, and are included in other expenses on the statements of functional expenses.

Functional expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural and functional classification detail of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, transportation and lodging, professional services, occupancy, depreciation and amortization, equipment and maintenance, office administration and other expenses, which are allocated on the basis of estimates of time and effort.

Income tax status – The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701d, respectively. The Organization files an exempt return in the U.S. federal jurisdiction and the state of California.

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination. To date, the Organization has not recorded any uncertain tax positions. During the years ended December 31, 2025 and 2024, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

Use of estimates – Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

Credit risk – Credit risk is the failure of another third party to perform according to contract terms. Deposit concentrations are managed by placing cash and investments with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. Potential credit risk for the Organization lies in investments that are exposed to various risks, such as interest rate, credit, and overall market volatility risk. It is reasonably possible that changes in the values of investments will occur due to market volatility, which could impact the Organization's investment holdings and the amounts reported in the financial statements. The Organization maintains investment balances in excess of federally insured limits. The Organization does not believe it is exposed to any significant risks on uninsured amounts. Credit risk associated with contributions receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from the organizations supportive of the mission.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

The Organization has evaluated subsequent events through August 31, 2026, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability

Financial assets available to meet cash needs for general expenditures within one year are as follows as of December 31:

	2025	2024
Cash and cash equivalents	$ 832,347	$ 631,805
Investments	12,925,678	13,443,966
Contributions receivable	1,388,081	2,950,636
Total financial assets	15,146,106	17,026,407
Less amounts unavailable for general expenditures within one year as a result of		
Contributions not due within one year	(46,764)	(73,772)
Funds subject to purpose restrictions	(1,501,211)	(3,495,655)
Board-designated operating reserve	(4,795,199)	(4,298,187)
	(6,343,174)	(7,867,614)
Financial assets available to meet cash needs for general expenditures within one year	$ 8,802,932	$ 9,158,793

The Organization's liquidity management plan includes maintaining its financial assets in checking and savings accounts and money market funds to manage short-term liquidity needs. To ensure longer term financial health, the Board of Directors oversees the Organization's Operating Reserve Policy (Note 8) and an Investment Policy. Additionally, to help manage unanticipated liquidity needs, the Organization has a line of credit with a commercial bank. As of December 31, 2025 and 2024, the full amount of the line of credit of $750,000 and $500,000, respectively, was available for borrowing (Note 7).

Note 4 – Investments and Fair Value

Investments stated at fair value consist of the following at December 31:

Described by Asset Class	2025	2024
Fixed income securities	$ -	$ 681,021
Private equity	116,213	802,598
Government securities	-	1,474,952
U.S. marketable equities	-	74,369
Mutual funds and exchange-traded funds	11,617,090	-
Money market funds	1,192,375	10,411,026
Total investments	$ 12,925,678	$ 13,443,966

The *Fair Value Measurements and Disclosures* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) defines fair value, establishes a framework for measuring fair value, and requires disclosure of fair value measurements. The fair value hierarchy set forth in the topic is as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Investments – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include marketable equities, money market funds, and fixed income funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow and are classified within Level 2 of the valuation hierarchy. Level 2 securities include certain government securities. Consideration is given to the type of investment, risks, marketability, restrictions, dispositions, and quotations from other market participants. Adjustments may be determined by management.

Investment funds valued using net asset value (NAV) or its equivalent as reported by investment managers and have trading activity and the ability to redeem at NAV on or near the reporting date, are evaluated outside of the fair value hierarchy.

The following table presents the Organization's valuation levels as of December 31, 2025:

	Fair Value Measurements				
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Assets Measured Using Net Asset Value (or Equivalent)	Total Fair Value
Money market funds	$ 1,192,375	$ -	$ -	$ -	$ 1,192,375
Mutual funds and exchange-traded funds	11,617,090	-	-	-	11,617,090
Private equity	-	-	-	116,213	116,213
Total assets in fair value hierarchy	$ 12,809,465	$ -	$ -	$ 116,213	$ 12,925,678

The following table presents the Organization's valuation levels as of December 31, 2024:

	Fair Value Measurements				
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Assets Measured Using Net Asset Value (or Equivalent)	Total Fair Value
Money market funds	$ 10,411,026	$ -	$ -	$ -	$ 10,411,026
Fixed income securities	681,021	-	-	-	681,021
Private equity	-	-	-	802,598	802,598
Government securities	-	1,474,952	-	-	1,474,952
U.S. marketable equities	74,369	-	-	-	74,369
Total assets in fair value hierarchy	$ 11,166,416	$ 1,474,952	$ -	$ 802,598	$ 13,443,966

There were no transfers between levels of the fair value hierarchy during the years ended December 31, 2025 and 2024.

The following table summarizes characteristics of the Organization's investments measured using NAV at December 31, 2025:

	Fair Value		Amount of Unfunded	Redemption	Redemption
	2025	2024	Commitments	Frequency	Notice Period
Private equity	$ 116,213	$ 802,598	$ -	Monthly - quarterly with soft locks expiring through August	4 days to 60 days
Total	$ 116,213	$ 802,598	$ -		

Note 5 – Contributions Receivable

Contributions receivable are summarized as follows at December 31:

	2025	2024
Receivable in one year or less	$ 1,341,317	$ 1,807,215
Receivable in one to five years	50,000	1,194,649
Less discount on long-term contributions receivable	(3,236)	(51,228)
Total	$ 1,388,081	$ 2,950,636

There was no allowance for doubtful accounts deemed necessary by management at December 31, 2025 and 2024.

Note 6 – Property and Equipment

Property and equipment are summarized as follows at December 31:

	2025	2024
Leasehold improvements	$ 895,138	$ 895,138
Machinery and equipment	385,357	385,357
Vehicles	1,107,483	1,107,483
Furniture and fixtures	8,609	8,609
Software	181,950	181,950
Construction in progress	81,733	-
	2,660,270	2,578,537
Less accumulated depreciation and amortization	(1,638,909)	(1,304,880)
Total	$ 1,021,361	$ 1,273,657

Depreciation and amortization expense for the years ended December 31, 2025 and 2024, was $334,029 and $325,621, respectively.

Note 7 – Commitments

Line of credit – During the year ended December 31, 2025, the Organization renewed and increased its line of credit to $750,000 with a commercial lending institution for an additional one-year term maturing October 1, 2026. Borrowings under the line bear variable interest based on the Prime Rate as published in the Western Edition Wall Street Journal. The effective rates were 6.75% and 7.5% at December 31, 2025 and 2024, respectively. There were no amounts drawn in 2025 or 2024. There was no balance outstanding at December 31, 2025 and 2024. Borrowings under the line are subject to Board oversight and approval by the Chairperson of the Board of Directors and are secured by real and intangible property of the Organization.

Operating leases – The Organization is committed under a facility lease agreement that was initiatied in 2019 but modified in April 2025 that provides occupancy through January 2029 and requires monthly payments starting at $15,081 and escalating to $15,835. This lease has two, one-year options to extend that management deemed reasonably certain. The liability is calculated based on 5% increase and does not contemplate variable payments. The Organization also leases office space in Los Angeles and Ventura Counties with lease agreements entered into for both locations on April 1, 2022, with 36-month lease terms and monthly escalating base rents between $1,804 and $3,132. These leases have two two-year options to extend that management deemed reasonably certain. The monthly payments are set to increase by 3% from the previous year's base rent. Lastly, the Organization rents warehouse space in Ventura County on a month-to-month lease with monthly rent expense of $824 and $800 in 2025 and 2024, respectively. This is considered a short-term lease and not included in the schedule below. Lease expense for the years ended December 31, 2025 and 2024, was $424,799 and $158,942, respectively.

The components of lease expense are as follows as of December 31, 2025 and 2024:

	2025	2024
Lease expense		
Operating lease expense	$ 414,914	$ 149,344
Short-term lease cost	9,885	9,598
Total lease cost	$ 424,799	$ 158,942

The future minimum payments due on all lease agreements and optional extensions that management deemed reasonably certain are due as follows:

Years Ending December 31,	
2026	$ 259,991
2027	270,656
2028	273,852
2029	36,947
Total lease payments	841,446
Less imputed interest	(41,401)
Present value of lease liabilities	800,045
Less lease liabilities, current portion	(238,237)
Lease liabilities, net of current portion, as of December 31, 2025	$ 561,808

Additional information for the Organization's leases at December 31, 2025, are summarized below:

	2025	2024
Weighted-average remaining lease term	38 months	45 months
Weighted-average discount rate	3.15%	1.51%

Note 8 – Net Assets

The Organization's Board of Directors established an Operating Reserve Policy and fund in 2020 to ensure the stability of the mission, programs, employment, and ongoing operations of the Organization. The minimum operating reserve fund balance is six months of average operating costs (cash basis) for the current year's operating budget and is re-calculated after Board approval of the annual operating budget.

Net assets without donor restrictions were as follows as of December 31:

	2025	2024
Board-designated operating reserve fund	$ 4,795,199	$ 4,298,187
Undesignated	9,034,084	10,000,975
Total	$ 13,829,283	$ 14,299,162

Net assets with donor restrictions were as follows as of December 31:

	2025	2024
Subject to expenditure for specified purpose		
Community Programs	$ -	$ 2,500
Wholesale produce recovery program	159,894	324,732
Contributions receivable, the proceeds from which have been restricted by donors for		
Wholesale produce recovery program	-	140,000
	159,894	467,232
Subject to the passage of time		
Contributions receivable that are not restricted by donors, but are unavailable for expenditure until received	271,367	700,292
Restricted by donor to be spent at a future date	1,116,714	2,401,903
	1,388,081	3,102,195
Total	$ 1,547,975	$ 3,569,427

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or the passage of time or other events specified by donors.

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

	2025	2024
Expiration of time restrictions	$ 2,357,373	$ 1,917,593
Satisfaction of purpose restrictions		
Community Programs	1,000	20,000
CEO sabbatical	-	75,000
Wholesale Produce Recovery program	175,000	424,668
Fundraising event	5,000	2,500
	$ 2,538,373	$ 2,439,761

Note 9 – In-Kind Contributions

In-kind contributions are summarized as follows for the years ended December 31:

	2025	2024
Recovered produce	$ 202,251,138	$ 185,325,930
Auction donations	4,265	10,000
Professional services	26,387	270,767
Supplies	31,223	128,045
	$ 202,313,013	$ 185,734,742

Recovered produce – The Organization receives in-kind produce from corporate and individual donors that is granted to other local organizations and agencies that distribute the produce to people in need. The donated food is recorded in the financial statements as in-kind revenue – recovered produce and as an expense at the estimated average fair value of one pound of donated food product at the industry standard rates of $1.90 and $1.97, for the years ended December 31, 2025 and 2024, respectively. The industry standard rates are evaluated and revised annually by Feeding America, the nation's largest domestic hunger-relief organization, and are based on analysis of data collected from USDA and other publicly available sources. Approximately 39% and 40% of the total recovered produce for the years ended December 31, 2025 and 2024, respectively, was provided by five produce providers.

Auction donations – The Organization received various auction donations including gift cards, experiences, services, and goods to be held at the special event auction to raise funds for the Organization. The value of auction donations is initially determined based upon donor provided information verified by market comparisons. Auction items are monetized, and their value is updated to be recorded at the amount the item sells for at the auction.

Professional services – The Organization receives donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which may include photography, chef services, and website design, require specialized skills and are recognized as in-kind contributions at fair value when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered. The Organization did not monetize any contributed professional services and they did not have donor restrictions.

Supplies – The Organization reports goods meeting recognition criteria under GAAP at estimated fair value using prevailing prices for similar supplies. The Organization did not monetize any contributed supplies and they did not have donor restrictions.

Note 10 – Retirement Plans

The Organization maintains a defined contribution retirement plan covering all eligible employees. The Organization matches employee contributions up to 4%. Employees who received at least $5,000 in annual compensation in the immediately preceding plan year and are expected to be paid at least $5,000 in the current plan year are eligible to participate. Retirement expense for the years ended December 31, 2025 and 2024, was $170,464 and $127,517, respectively.

The Organization sponsors a nonqualified deferred compensation plan (the Plan) under IRC Section 457(b) and (f) to provide certain executives of the Organization with retirement benefits. The Plan allows participants to defer a portion of their compensation, which is then paid out at a future date as specified in the Plan document. The liability is recorded at fair value, which approximates the amount that would be paid to participants if they were to terminate their employment at the reporting date. The fair value of the liability is determined based on the present value of the future benefit payments to be made to participants, using discount rates that reflect the time value of money and the risk associated with the benefits. Actual future payments may differ from these estimates due to changes determined by the Plan, economic conditions, and other factors. As of December 31, 2025 and 2024, the Organization had accrued a liability of $47,785 and $32,949, respectively, related to the Plan.

The deferred compensation asset is included in investments on the statements of financial position. Participants have no greater rights to such assets than any other unsecured creditor. The deferred compensation liability, representing amounts due to these individuals, is fully funded and includes earnings from invested assets.

Note 11 – Related-Party Transactions

The Organization rents office spaces and remits payments to a limited liability company that is owned and operated by the Chief Executive Officer and certain of his relatives. The Chief Executive Officer's ownership stake in that limited liability company is a minority interest. The Organization incurred rent expense for the office spaces of $78,213 and $77,415 for the years ended December 31, 2025 and 2024, respectively.