



# Food For Thought

healing with food+love

*Financial Statements with Supplementary Information*

*Years Ended December 31, 2024 and 2023*

KOSMATKA DONNELLY & CO., LLP

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**Independent Auditor's Report**

To the Board of Directors  
Food For Thought

**Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Food For Thought ("FFT"), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 FFT as of December 31, 2024 and 2023, and the changes 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) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 FFT 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 FFT's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



## **Independent Auditor's Report (continued)**

### **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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 FFT'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 FFT'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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Independent Auditor's Report** (continued)

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, for the year ended December 31, 2024, we have also issued our report dated August 25, 2025 on our consideration of FFT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FFT's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FFT's internal control over financial reporting and compliance.

*Kosmatka, Donnelly & Co., LLP*

Santa Rosa, California  
August 25, 2025

**Food For Thought  
Statements of Financial Position**

<b>December 31,</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 510,392	\$ 1,420,831
Grant receivables	426,270	295,284
Other receivables	143,455	110,152
Inventory	85,585	127,575
Prepaid expenses and other current assets	97,951	97,440
<b>Total current assets</b>	<b>1,263,653</b>	<b>2,051,282</b>
<b>Right-of-use asset for operating leases, net</b>	<b>4,804</b>	<b>6,791</b>
<b>Investments</b>	<b>2,150,267</b>	<b>1,943,074</b>
<b>Investments, endowment</b>	<b>2,217,852</b>	<b>2,090,104</b>
<b>Property, equipment and improvements, net</b>	<b>4,383,104</b>	<b>4,465,329</b>
<b>Total assets</b>	<b>\$ 10,019,680</b>	<b>\$ 10,556,580</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 202,969	\$ 146,001
Accrued payroll liabilities	262,123	173,106
Operating lease liability	1,942	1,942
<b>Total current liabilities</b>	<b>467,034</b>	<b>321,049</b>
<b>Operating lease liability</b>	<b>3,169</b>	<b>5,113</b>
<b>Long-term debt</b>	<b>2,670,250</b>	<b>2,670,250</b>
<b>Total liabilities</b>	<b>3,140,453</b>	<b>2,996,412</b>
<b>Net assets</b>		
Without donor restriction		
Undesignated	2,531,511	4,202,012
Board-designated	1,400,000	1,400,000
<b>Total without donor restriction</b>	<b>3,931,511</b>	<b>5,602,012</b>
With donor restriction	2,947,716	1,958,156
<b>Total net assets</b>	<b>6,879,227</b>	<b>7,560,168</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,019,680</b>	<b>\$ 10,556,580</b>

See accompanying notes.

**Food For Thought  
Statement of Activities**

**Year Ended December 31, 2024**

	<b>Without donor restriction</b>	<b>With donor restriction</b>	<b>Total</b>
<b>Support, revenue, and other income</b>			
Contributions and legacy gifts	\$ 1,154,153	\$ 679,958	\$ 1,834,111
Contributed non-financial assets	734,614	507,061	1,241,675
Federal grant revenue	963,905	-	963,905
Investment income, net	388,371	-	388,371
Event revenue, net of \$158,323 in expense	344,126	-	344,126
Contract revenue	241,867	-	241,867
State and local grant revenue	66,558	-	66,558
Other income	52,661	-	52,661
 Total support, revenue, and other income	 3,946,255	 1,187,019	 5,133,274
Reclassification, net assets released from restriction	197,459	(197,459)	-
<b>Expenses</b>			
Program	4,395,016	-	4,395,016
Management and general	476,777	-	476,777
Fundraising	942,422	-	942,422
 Total expenses	 5,814,215	 -	 5,814,215
 <b>Change in net assets</b>	 (1,670,501)	 989,560	 (680,941)
<b>Net assets at beginning of year</b>	5,602,012	1,958,156	7,560,168
<b>Net assets at end of year</b>	\$ 3,931,511	\$ 2,947,716	\$ 6,879,227

See accompanying notes.

**Food For Thought  
Statement of Activities**

**Year Ended December 31, 2023**

	<b>Without donor restriction</b>	<b>With donor restriction</b>	<b>Total</b>
<b>Support, revenue, and other income</b>			
Contributions and legacy gifts	\$ 3,140,204	\$ 329,554	\$ 3,469,758
Federal grant revenue	1,077,624	-	1,077,624
Contributed non-financial assets	680,055	12,784	692,839
Investment income, net	494,979	-	494,979
Event revenue, net of \$172,200 in expense	233,287	-	233,287
State and local grant revenue	161,325	-	161,325
Contract income	151,539	-	151,539
Other income	65,932	-	65,932
Employee Retention Credit, net	37,714	-	37,714
 Total support, revenue, and other income	 6,042,659	 342,338	 6,384,997
Reclassification, net assets released from restriction	325,839	(325,839)	-
 <b>Expenses:</b>			
Program	3,522,272	-	3,522,272
Management and general	301,315	-	301,315
Fundraising	561,916	-	561,916
 Total expenses	 4,385,503	 -	 4,385,503
 <b>Change in net assets</b>	 1,982,995	 16,499	 1,999,494
<b>Net assets at beginning of year</b>	3,619,017	1,941,657	5,560,674
 <b>Net assets at end of year</b>	 \$ 5,602,012	 \$ 1,958,156	 \$ 7,560,168

See accompanying notes.

**Food For Thought**  
**Statement of Functional Expenses**

**Year Ended December 31, 2024**

	Programs							Total	Management	Fundraising	Total
	HIV Nutrition	Welcome Home	Infectious Disease	Oncology Nutrition	Full Belly	Community Supports	Bags of Love	Program Services	and general		
Salaries and wages	\$ 618,774	\$ 204,700	\$ 3,224	\$ 76,077	\$ 180,563	\$ 216,614	\$ 62,049	\$1,362,001	\$ 240,137	\$ 549,392	\$2,151,530
Purchased and donated food distributed	676,818	223,901	3,526	83,214	197,500	236,933	67,869	1,489,761	-	-	1,489,761
Employee benefits	130,289	43,102	679	16,019	38,019	45,610	13,065	286,783	36,333	96,118	419,234
Professional fees	84,985	28,115	443	10,449	24,799	29,751	8,522	187,064	78,878	88,366	354,308
Subcontractors	190,728	63,096	994	23,450	55,656	-	19,126	353,050	-	-	353,050
Depreciation	79,933	26,442	416	9,827	23,324	27,981	8,015	175,938	18,815	28,733	223,486
Interest	60,608	20,050	316	7,452	17,686	21,217	6,078	133,407	15,728	46,340	195,475
Payroll taxes	50,816	16,811	265	6,248	14,829	17,789	5,096	111,854	18,669	44,116	174,639
Occupancy	42,619	14,099	222	5,240	12,436	14,919	4,274	93,809	12,291	4,211	110,311
Office expense	26,698	8,832	139	3,282	7,790	9,346	2,677	58,764	6,838	30,064	95,666
Repairs and maintenance	19,121	6,326	100	2,351	5,580	6,694	1,917	42,089	5,206	12,896	60,191
Supplies	22,841	7,556	119	2,808	6,665	7,996	2,290	50,275	2,129	7,759	60,163
Insurance	3,441	1,138	18	423	1,004	1,205	345	7,574	28,432	1,133	37,139
Staff and volunteer recognition	13,531	4,476	70	1,664	3,949	4,737	1,357	29,784	1,155	3,749	34,688
Fees and licenses	549	182	3	67	160	192	55	1,208	32	21,663	22,903
Travel, meetings, and trainings	4,217	1,395	22	518	1,231	1,476	423	9,282	1,440	3,257	13,979
Bad debt	324	107	2	40	95	113	32	713	10,694	-	11,407
Advertising	754	249	4	93	220	264	76	1,660	-	4,625	6,285
	\$2,027,046	\$ 670,577	\$ 10,562	\$ 249,222	\$ 591,506	\$ 642,837	\$ 203,266	\$4,395,016	\$ 476,777	\$ 942,422	\$5,814,215

See accompanying notes.

**Food For Thought**  
**Statement of Functional Expenses**

**Year Ended December 31, 2023**

	Programs							Total	Management	Fundraising	Total
	HIV Nutrition	Welcome Home	Infectious Disease	Oncology Nutrition	Full Belly	Community Supports	Bags of Love	Program Services	and general		
Salaries and wages	\$ 609,084	\$ 157,667	\$ 3,057	\$ 52,340	\$ 262,439	\$ 12,001	\$ 61,189	\$1,157,777	\$ 171,188	\$ 415,786	\$1,744,751
Purchased and donated food distributed	684,286	177,134	3,435	58,802	294,841	13,483	68,744	1,300,725	-	-	1,300,725
Subcontractors	217,854	56,394	1,093	18,721	93,868	-	21,886	409,816	-	-	409,816
Employee benefits	122,912	31,817	617	10,562	52,960	2,422	12,348	233,638	30,055	54,670	318,363
Payroll taxes	50,310	13,023	253	4,323	21,677	991	5,054	95,631	13,017	33,455	142,103
Professional fees	24,616	6,372	124	2,115	10,607	485	2,473	46,792	38,390	10,536	95,718
Depreciation	40,273	10,425	201	3,461	17,353	794	4,046	76,553	6,704	6,858	90,115
Occupancy	34,961	9,050	176	3,004	15,064	689	3,512	66,456	7,439	343	74,238
Office expense	23,222	6,011	116	1,995	10,006	458	2,333	44,141	6,208	14,348	64,697
Supplies	18,580	4,809	93	1,597	8,005	366	1,867	35,317	685	778	36,780
Insurance	2,252	583	12	194	970	44	226	4,281	23,390	-	27,671
Staff and volunteer recognition	9,968	2,580	51	857	4,295	196	1,001	18,948	1,839	2,092	22,879
Repairs and maintenance	8,891	2,302	45	764	3,831	175	893	16,901	894	1,944	19,739
Fees and licenses	1,491	386	8	128	643	29	150	2,835	18	16,283	19,136
Travel, meetings, and trainings	5,122	1,326	26	440	2,207	101	515	9,737	1,263	1,121	12,121
Advertising	1,401	363	7	120	604	28	141	2,664	225	3,359	6,248
Interest	32	8	-	3	14	-	3	60	-	343	403
	\$1,855,255	\$ 480,250	\$ 9,314	\$ 159,426	\$ 799,384	\$ 32,262	\$ 186,381	\$3,522,272	\$ 301,315	\$ 561,916	\$4,385,503

See accompanying notes.

**Food For Thought  
Statements of Cash Flows**

<b>Year Ended December 31,</b>	<b>2024</b>	<b>2023</b>
	<b>Increase (decrease) in cash and cash equivalents</b>	
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (680,941)	\$ 1,999,494
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	223,486	90,115
Noncash donations, stock	(548,947)	(28,902)
Noncash donations, food and nutrients	(613,059)	(580,881)
Donated food and nutrients distributed	613,059	580,881
Contributions for capital campaign	(500,000)	-
Interest and dividends reinvested	(119,262)	(86,346)
Right-of-use asset for operating leases amortization	1,987	1,988
Net realized and unrealized gain on investments	(269,109)	(408,633)
(Increase) decrease in operating assets:		
Grant receivables	(130,986)	(187,314)
Other receivables	(33,303)	27,996
Inventory	41,990	(15,818)
Prepaid expenses and other current assets	(511)	(48,441)
Increase (decrease) in operating liabilities:		
Accounts payable	56,968	1,505
Accrued payroll liabilities	89,017	18,093
Operating lease liability	(1,944)	(1,848)
<b>Net cash (used in) provided by operating activities</b>	<b>(1,871,555)</b>	<b>1,361,889</b>
<b>Cash flows from investing activities</b>		
Purchase of property, equipment and improvements	(141,261)	(1,144,444)
Purchase of investments	-	(2,010)
Proceeds from sale of investments	602,377	94,815
<b>Net cash provided by (used in) investing activities</b>	<b>461,116</b>	<b>(1,051,639)</b>
<b>Cash flows from financing activities</b>		
Contributions for capital campaign	500,000	-
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(910,439)</b>	<b>310,250</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,420,831</b>	<b>1,110,581</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 510,392</b>	<b>\$ 1,420,831</b>

See accompanying notes.

**Food For Thought**  
**Statements of Cash Flows (continued)**

Year Ended December 31,	2024	2023
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 195,475	\$ 403
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	\$ 2,251	\$ 2,251
<b>Noncash investing and financing activities</b>		
Land and building financed with long-term debt	\$ -	\$ 2,670,250
Receipt of contributed stock, food and nutrients	\$ 1,162,006	\$ 609,783

See accompanying notes.

Years Ended December 31, 2024 and 2023

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**Note A. Nature of Activities**

Food For Thought (“FFT”) is a California nonprofit public benefit corporation whose mission is to foster health and healing with food and compassion. FFT was founded in 1988 amidst the AIDS epidemic to provide groceries to those who were living with and dying from HIV/AIDS. In 2014, FFT expanded its eligibility to include residents of Sonoma County, California who are affected by a wide range of medical conditions and are at risk of malnutrition.

In 2024, FFT served more than 4,000 clients who were affected by one or more of the following serious medical conditions and at great risk of malnutrition:

- Infectious diseases
- Pregnancy
- HIV
- Heart disease
- Recent discharge from the hospital or care facility
- Diabetes
- Kidney disease
- Cancer
- Housing insecurity

The following programs are reflected in the statement of activities:

**HIV Nutrition Program** – The HIV Nutrition Program provides medically-tailored weekly groceries for individuals with positive HIV diagnoses, plus household members, provided as long as needed.

**Welcome Home Program** – Three months of medically-tailored groceries and/or meals following an in-patient hospital or mental health hospital stay are offered to individuals and household members under the Welcome Home Program.

**Infectious Disease Program** – Under the Infectious Disease Program, medically-tailored groceries are delivered weekly to patients with a positive COVID-19 test, tuberculosis or Monkeypox diagnosis, or patients who are debilitated by Long COVID, and their household members. Duration of program eligibility varies by need.

**Oncology Nutrition Program** – Patients undergoing cancer treatment, plus household members, receive three months of medically-tailored groceries or meals under the Oncology Nutrition Program. Program eligibility may be extended based on the course of treatment.

**Full Belly Program** – The Fully Belly Program offers medically-tailored groceries and meals for expecting clients at risk for malnutrition and their household, continuing until the baby reaches 3 months of age.

**Community Supports Program** – The Community Supports Program provides twelve weeks of medically-tailored groceries and meals for patients with Medi-Cal, provided they have medical justification for the services. Duration of services may be extended depending on a patient’s on medical condition(s).

**Bags of Love** – The Bags of Love program is designed to provide ready-to-eat meals to patients experiencing homelessness and serious mental and/or physical health conditions. FFT partners with local health centers to distribute the bags of food onsite at their clinics and offices.

**Years Ended December 31, 2024 and 2023**

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**Note A. Nature of Activities (continued)**

Clients receive weekly orders that include groceries, fresh fruit and vegetables, high-quality proteins, healthy grains, vitamins, supplements and medically-tailored prepared meals. FFT offers a wide range of healthy choices that are both tailored to the client's unique medical condition and are also culturally relevant. Each order provides food for 21 meals per week per person, including clients, and in many cases, dependents and other household members. Food is delivered to any client who cannot travel to the food bank, including homebound and homeless clients. One-on-one nutrition counseling with a registered dietician is also offered.

FFT's services are provided free of charge and improve client health, decrease medical expenses, and provide a critical service to the Sonoma County community.

**Note B. Summary of Significant Accounting Policies**

*Cash and Cash Equivalents*

Cash and cash equivalents include cash in banks and money market accounts. FFT considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, except when a restriction is imposed that limits the investment's use to long-term.

*Grants, Other Receivables and Allowance for Credit Losses*

Grants and other receivables represent funds due from federal, state, and local government agencies and healthcare organizations for various programs. Grants and other receivables are stated at net realizable value and are recorded when revenue is recognized. FFT maintains an allowance for credit losses in accordance with the Current Expected Credit Loss model, which requires the recognition of expected credit losses over the life of the receivables based on historical loss experience, current conditions, and reasonable and supportable forecasts.

The allowance for credit losses is estimated using a combination of quantitative and qualitative factors, including the aging of receivables, customer creditworthiness, payment history, macroeconomic conditions, and industry trends. FFT evaluates the adequacy of the allowance on a periodic basis, making adjustments as necessary to reflect changes in credit risk.

Grants and other receivables are written off when deemed uncollectible after all collection efforts have been exhausted. Recoveries of amounts previously written off are recognized in income when received.

Management believes receivables recorded as of December 31, 2024 and 2023 are fully collectible. Accordingly, no allowance for credit loss is recorded.

*Investments*

Investments, which comprise mutual funds and exchange-traded funds, are carried at fair value. Unrealized gains and losses are included in the statement of activities. Investment earnings restricted by a donor are reported as increases in net assets without donor restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the earnings are recognized.

**Years Ended December 31, 2024 and 2023**

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**Note B. Summary of Significant Accounting Policies (continued)**

*Inventory*

Inventory consists of food and nonfood grocery items, both donated and purchased. Purchased inventory is stated at the lower of cost or net realizable value. The value of donated food is determined by considering average purchase prices of similar items at the time of donation. Management has determined an allowance for obsolete inventory would not be material to the financial statements.

*Property, Equipment and Improvements*

Property, equipment and improvements are stated at cost. Depreciation is computed on the straight-line method over useful lives ranging from five to 25 years. Donated property is recorded at the estimated fair value at the date of receipt. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted.

*Revenue Recognition and Contributions*

FFT has concluded that revenue from federal and state contracts represent conditional contributions, as defined by Accounting Standards Update 2018-08. As such, revenue on these contracts is generally recognized as contract-related expenditures are made. Contract-related expenditures are considered the best available measure of performance under the terms of the contract.

Contributions which are not deemed to contain conditions, are recognized when received or upon notice of a commitment of the contribution to be made. These contributions are reported as increases in net assets without donor restriction unless use of the contributed assets are specifically restricted by the donor. FFT reports gifts and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restriction until the payment is due unless the contribution is clearly intended to support activities of the current year or is received with permanent donor restrictions.

*Event Revenue*

Event revenue is recognized when the event occurs and includes both an exchange and a contribution component. The portion of the gross proceeds paid by the attendee, representing payment for the direct cost of the benefits received by the attendee at the event, is the exchange component. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at events is measured at the actual cost to FFT. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. Event revenue is reported in the statement of activities net of direct costs.

Years Ended December 31, 2024 and 2023

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**Note B. Summary of Significant Accounting Policies (continued)**

*Contributed Non-Financial Assets*

In-kind donations are reported as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used or disposed of. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, FFT reports expirations of donor restrictions as net assets without donor restrictions when the donated assets are received or when acquired or constructed assets, funded by donor contributions, are placed into service. Fair value is determined as of the date of the in-kind donation.

*Donated Services*

Contributions of donated 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 year received. Many individuals volunteer their time and perform a variety of tasks that assist FFT in support of its programs and fundraising activities; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. FFT received approximately 20,500 and 20,000 volunteer hours during the years ended December 31, 2024 and 2023, respectively.

*Income Taxes*

FFT is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, FFT is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption, commonly referred to as unrelated business income. No income tax provision has been recorded for the years ended December 31, 2024 and 2023, as management determined that FFT had no unrelated business income.

FFT is subject to "Accounting for Uncertainty in Income Taxes" under Accounting Standards Codification ("ASC") 740, *Income Taxes*. ASC 740 requires the evaluation of tax positions taken or expected to be taken in FFT's tax returns and does not allow recognition of tax positions that do not meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. FFT does not believe it has taken any tax positions that would not meet this threshold. FFT's policy is to reflect interest and penalties related to uncertain tax positions as part of income tax expense, when and if they become applicable. FFT's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, federal income tax returns have a three-year statute of limitations, and state income tax returns have a four-year statute of limitations.

Years Ended December 31, 2024 and 2023

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**Note B. Summary of Significant Accounting Policies (continued)**

*Functional Expense Allocation*

FFT allocates operational costs between program, management and general, and fundraising by utilizing a cost allocation policy that is updated and reviewed annually. FFT applies several methods for allocating costs. Expenses that can be identified with a program are charged directly to that program as direct costs. Costs common to multiple functions have been allocated among the various functions considering employee time and effort and facilities square footage. Management and general expenses include those costs that are not directly identifiable with a program, but which provide for the overall support and direction of FFT. These costs are allocated to the functions using a base that results in an equitable distribution. The allocation is reflected in the statement of functional expenses.

*Net Assets*

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

*Without donor restriction* – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

*With donor restriction* – Net assets subject to donor-imposed stipulations that may or will be met by actions of FFT to meet the stipulations or that become unrestricted at the date specified by the donor or net assets subject to donor-imposed stipulations that are maintained permanently by FFT. The income from these assets is available for either general operations or specific programs as specified by the donor.

*Net assets released from restriction* – Net assets with donor restriction are released to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

*Advertising Expense*

FFT expenses advertising costs as they are incurred. The amount of advertising expensed during the years ended December 31, 2024 and 2023 amounted to \$6,285 and \$6,248, respectively.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support, and expenses. The use of management's estimates primarily relates to the value of non-purchased food, the collectability of receivables, depreciable lives of property, equipment, and improvements, and the allocation of costs by program and function. Actual results could differ from those estimates.

Years Ended December 31, 2024 and 2023

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**Note B. Summary of Significant Accounting Policies (continued)**

*Endowment Funds*

Effective January 1, 2009, the State of California adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, FFT classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment, and (c) additions to the permanent endowment in accordance with donor directions. The remaining portion of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by FFT in a manner consistent with the standard of prudence prescribed by UPMIFA.

*Spending policy* – In accordance with UPMIFA, FFT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of FFT and the endowment funds
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of FFT
- The investment policies of FFT

FFT's spending policy for endowment funds is designed so that earnings from donor restricted funds available for distribution are calculated based on a blended approach, which uses a percentage of prior year's spending adjusted for inflation and a percentage of the current year beginning portfolio value. The spending policy is reviewed annually to ensure that earnings and accumulated appreciation are adequate to sustain the distribution. In no event shall the spending rate percentage be higher than 7% unless specially authorized by a two-thirds majority vote of the governing board.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Net unrealized losses on permanently restricted endowment funds are classified as a reduction to net assets without donor restriction until such time as the fair value equals or exceeds book value. As of December 31, 2024 and 2023, FFT had no endowment funds with deficiencies.

**Years Ended December 31, 2024 and 2023**

**Note C. Conditional Promises to Give**

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 met. The following is a roll-forward of conditional grants where future payments to FFT are contingent upon meeting specific milestones and incurring expenses related to the projects:

Beginning balance as of January 1, 2023	\$ 1,089,345
Conditional grants awarded	204,328
Revenue earned	(1,238,949)
Balance as of December 31, 2023	54,724
Conditional grants awarded	995,844
Revenue earned	(1,030,463)
Balance as of December 31, 2024	\$ 20,105

**Note D. Investments**

Investments stated at fair value consist of the following:

December 31,	2024	2023
Investments:		
Mutual funds	\$ 1,517,456	\$ 1,382,012
Exchange-traded funds	632,811	561,062
	2,150,267	1,943,074
Investments, endowment:		
Mutual funds	1,787,549	1,679,824
Exchange-traded funds	430,303	410,280
	2,217,852	2,090,104
	\$ 4,368,119	\$ 4,033,178

**Years Ended December 31, 2024 and 2023**

**Note D. Investments (continued)**

Investment returns, as reflected in the statement of activities, consists of the following:

Year Ended December 31,	2024	2023
Interest and dividends	\$ 119,262	\$ 86,346
Realized and unrealized gains, net	286,057	423,673
	405,319	510,019
Less: investment management fees	(16,948)	(15,040)
Investment income, net	\$ 388,371	\$ 494,979

**Note E. Property, Equipment and Improvements**

Property, equipment and improvements consist of the following:

December 31,	2024	2023
Buildings and improvements	\$ 3,213,569	\$ 3,213,569
Land	1,526,226	1,526,226
Equipment	338,831	338,831
Software	266,376	195,789
Construction in progress	70,674	-
Vehicles	59,296	59,296
Furniture and fixtures	14,235	14,235
	5,489,207	5,347,946
Accumulated depreciation	(1,106,103)	(882,617)
	\$ 4,383,104	\$ 4,465,329

Depreciation expense for the years ended December 31, 2024 and 2023 amounted to \$223,486 and \$90,115, respectively.

**Note F. Long-Term Debt**

In connection with the purchase of land and building during the year ended December 31, 2023, FFT entered into a debt agreement with a financial institution with principal borrowings in the amount of \$2,670,250. Interest-only payments are due monthly at 7.15% per annum through December 2028, with required principal and interest payments commencing thereafter through maturity in December 2043. The instrument is secured by the real property purchased under the agreement.

**Years Ended December 31, 2024 and 2023**

**Note F. Long-Term Debt**

Future maturities of long-term as of December 31, 2024 are as follows:

Year Ending December 31,	
2025	\$ -
2026	-
2027	-
2028	-
2029	40,422
Thereafter	2,629,828
	\$ 2,670,250

Coinciding with the purchase, FFT began a capital campaign to raise funds in support of the new operating facility which will help service the related debt.

**Note G. Fair Value Measurements**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described below:

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**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

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**Level 2** Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. FFT's investments consist of mutual funds and exchange-traded funds for which fair value is determined based upon quoted prices for identical instruments in active markets and are classified as Level 1. During the years ended December 31, 2024 and 2023, there were no changes to FFT's valuation techniques that had, or are expected to have, a material impact on the financial statements.

**Years Ended December 31, 2024 and 2023**

**Note H. Net Assets**

Net assets with donor restriction represent amounts received or committed with donor restrictions, which have not yet been expended for their designated purpose (purpose-restricted) or amounts for general use in future periods (time restricted). Net assets consisted of the following:

December 31,	2024	2023
With donor restriction:		
Perpetual in nature - endowment fund	\$ 1,607,032	\$ 1,607,032
Subject to passage of time and purpose restrictions	25,833	18,750
Subject to expenditure for specific purpose:		
Capital campaign	1,019,845	12,784
Specific programs	203,806	251,390
Specific purchases	90,200	67,700
Specific locations	1,000	500
<b>Total net assets with donor restriction</b>	<b>2,947,716</b>	<b>1,958,156</b>
Without donor restriction:		
Board-designated:		
Operating reserve	1,000,000	1,000,000
Capital improvement reserve	300,000	300,000
Maintenance reserve	100,000	100,000
	1,400,000	1,400,000
Undesignated	2,531,511	4,202,012
<b>Total net assets without donor restriction</b>	<b>3,931,511</b>	<b>5,602,012</b>
<b>Total net assets</b>	<b>\$ 6,879,227</b>	<b>\$ 7,560,168</b>

Net assets were released from donor restrictions by incurring expenses that satisfied the restricted purpose, or by the occurrence of the passage of time or other events specified by the donor, as follows:

Year Ended December 31,	2024	2023
Subject to passage of time and purpose restrictions	\$ 18,750	\$ 194,933
Satisfaction of purpose restrictions:		
Specific programs	178,209	126,591
Specific programs and locations	500	4,315
<b>Total net assets released from restriction</b>	<b>\$ 197,459</b>	<b>\$ 325,839</b>

**Years Ended December 31, 2024 and 2023**

**Note I. Endowment Funds**

Changes in endowment assets were as follows:

	Without donor restriction	With donor restriction	Total
Balance, January 1, 2023	\$ 325,862	\$ 1,605,022	\$ 1,930,884
Interest and dividends	49,000	-	49,000
Realized and unrealized gains, net	245,378	-	245,378
Investment management fees	(7,895)	-	(7,895)
Distribution	(94,815)	-	(94,815)
Contribution	-	2,010	2,010
Balance, December 31, 2023	517,530	1,607,032	2,124,562
Interest and dividends	56,914	-	56,914
Realized and unrealized gains, net	174,840	-	174,840
Investment management fees	(8,693)	-	(8,693)
Distribution	(95,316)	-	(95,316)
Balance, December 31, 2024	\$ 645,275	\$ 1,607,032	\$ 2,252,307

Endowment assets include investments and cash and cash equivalents of \$34,455 and \$34,458 as of December 31, 2024 and 2023, respectively. Cash and cash equivalents included in endowment assets are without donor restriction.

**Years Ended December 31, 2024 and 2023**

**Note J. Contributed Nonfinancial Assets**

Contributed nonfinancial assets are recognized in the statement of activities consist of the following:

	2024	2023	Program utilization	Valuation techniques and inputs
Food and nutrients	\$ 613,059	\$ 580,881	Food and nutrients	Fair value based on pricing of similar items at time of donation
Equity stocks	548,947	28,902	N/A	Fair value based on quoted market prices on date of contribution
Supplies	8,120	8,000	N/A	Fair value based on quoted market prices on date of contribution
Event facilities	71,549	75,056	N/A	Fair value based on current rate for similar events
	\$ 1,241,675	\$ 692,839		

For the years ended December 31, 2024 and 2023, \$507,061 and \$12,784 in contributed equity stock, respectively, was restricted for use in FFT's capital campaign.

**Note K. Employee Retention Credit**

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, FFT was eligible for a refundable Employee Retention Credit ("ERC") subject to certain criteria. FFT filed for a \$378,346 ERC during the year ended December 31, 2023, for costs incurred between April 2020 through June 2021. Management has evaluated the likelihood that the ERC will be fully realized and has concluded income should be recorded upon receipt to mitigate the risk of FFT's claims being denied or expiration of the ERC program. FFT received \$69,318, plus interest, under the ERC during the year ended December 31, 2023. Proceeds from the ERC are shown net of costs in the amount of \$36,000, related to the application process, on the statement of activities for the year ended December 31, 2023. No amounts were received under the ERC during the year ended December 31, 2024.

**Years Ended December 31, 2024 and 2023**

**Note L. Liquidity**

FFT operates with a balanced budget and anticipates covering its general expenditures with existing working capital and by maintaining and expanding relationships with supporters and funders who have provided donations without restrictions. 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:

December 31,	2024	2023
Cash and cash equivalents	\$ 510,392	\$ 1,420,831
Grants and other receivables	569,725	405,436
Investments	2,115,812	1,908,616
Investments, endowment	2,252,307	2,124,562
	5,448,236	5,859,445
Less donor imposed restrictions unavailable for general expenditure	2,947,716	1,958,156
Funds available to meet expenditures within one year with Board's approval	\$ 2,500,520	\$ 3,901,289
Less funds with Board designation	1,400,000	1,400,000
Funds available to management to meet expenditures within one year	\$ 1,100,520	\$ 2,501,289

**Note M. Pension Plan**

FFT provides a defined contribution pension plan under Section 403(b) of the Internal Revenue Code. The plan is available to eligible employees upon hire. Eligible employees may make contributions to the plan up to the maximum allowed. The plan allows for matching contributions to eligible employees upon completion of two months of service, calculated using a discretionary formula based on participants' eligible compensation and elective deferrals during a plan year. Matching contributions amounted to \$97,697 and \$79,402 for the years ended December 31, 2024 and 2023, respectively.

**Note N. Concentrations**

For the years ended December 31, 2024 and 2023, FFT had two donors that provided approximately 22% of total revenues and one donor that provided approximately 31% of total revenues, respectively. FFT had one grantor that provided 19% and 15% of total revenues for the years ended December 31, 2024 and 2023, respectively. No amounts were receivable from the donor(s) and the receivable balance due from the grantor was \$354,145 and \$156,419, as of December 31, 2024 and 2023, respectively.

**Years Ended December 31, 2024 and 2023**

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**Note O.      Risks and Uncertainties**

*Government Assistance*

FFT receives significant assistance from numerous government agencies in the form of contracts and grants. Any interruption of these funding sources could result in a significant impact on FFT's operations. Expenditures of these funds require compliance with the agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of FFT. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of FFT as of December 31, 2024 and 2023.

*Deposit Risk*

FFT maintains its cash in demand deposits with commercial banks which, at times, exceed federally insured limits. Accounts with commercial banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The uninsured portions of cash are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to FFT. However, FFT has not experienced any such losses in the past and does not believe it is exposed to any significant financial risk on these cash balances. FFT had approximately \$0 and \$928,000 on deposit in excess of the FDIC insured amount as of December 31, 2024 and 2023, respectively.

**Note P.      Subsequent Events**

FFT evaluated subsequent events through August 25, 2025, the date which the financial statements were available to be issued.

## **Supplementary Information**

**Food For Thought**  
**Schedule of Expenditures of Federal Awards**

**Year Ended December 31, 2024**

<b>Federal Grantor / Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b><u>Department of Health and Human Services</u></b>				
<b>Passed through California Department of Public Health</b>				
<b>Passed through Santa Rosa Community Health Centers</b>				
HIV Care Formula Grants	93.917	792875650	\$ -	\$ 31,590
Total Department of Health and Human Services			-	31,590
<b><u>Department of the Treasury</u></b>				
<b>Passed through the County of Sonoma</b>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	Q1LLYDP2JCH8	353,050	932,315
Total Department of the Treasury			353,050	932,315
<b>Total expenditures of federal awards</b>			<b>\$ 353,050</b>	<b>\$ 963,905</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**Year Ended December 31, 2024**

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**Note A.      Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Food For Thought ("FFT") under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of FFT, it is not intended to and does not present the financial position, changes in net assets, or cash flows of FFT.

**Note B.      Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C.      Indirect Cost Rate**

FFT elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

## **Compliance**

**Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**Independent Auditor's Report**

To the Board of Directors  
Food For Thought

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Food For Thought ("FFT") (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2024, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 25, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered FFT's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FFT's internal control. Accordingly, we do not express an opinion on the effectiveness of FFT's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of FFT's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a significant deficiency.



**Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards*** (continued)

**Independent Auditor's Report** (continued)

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether FFT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Schedule of Findings and Questioned Costs as items 2024-002 and 2024-003.

**Management's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on FFT's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Management's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FFT's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FFT's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kosmatka, Donnelly & Co., LLP*

Santa Rosa, California

August 25, 2025

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by the Uniform Guidance****Independent Auditor's Report**

To the Board of Directors  
Food For Thought

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

We have audited Food For Thought's ("FFT") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of FFT's major federal programs for the year ended December 31, 2024. FFT's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, FFT complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of FFT and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of FFT's compliance with the compliance requirements referred to above.



**Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by the Uniform Guidance (continued)**

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to FFT's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FFT's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FFT's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 FFT's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of FFT's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of FFT's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Other Matter***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-002 and 2024-003. Our opinion on each major federal program is not modified with respect to this matter.

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by the Uniform Guidance (continued)**

***Report on Internal Control Over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2024-002 and 2024-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on FFT's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. FFT's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Kosmatka, Donnelly & Co., LLP*

Santa Rosa, California  
August 25, 2025

**Year Ended December 31, 2024**

**I. Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued as to whether the financial statements audited were prepared in accordance with general accepted accounting principles: Unmodified

Internal control over financial reporting:

Material weakness identified? No  
 Significant deficiency identified? Yes

Noncompliance material to financial statements noted? Yes

***Federal Awards***

Internal control over major federal programs:

Material weakness identified? No  
 Significant deficiency identified? Yes

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

***Identification of major federal programs:***

Federal Assistance Listing Number (s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Year Ended December 31, 2024

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## II. Financial Statement Findings

### Finding 2024-001 Grant Noncompliance

**Criteria:** The Food and Nutritional Services grant agreement between the County of Sonoma and FFT includes a provision—specific to this grant and not a federal compliance requirement—requiring grantees to maintain procedures for obtaining and recording information evidencing eligibility. These procedures should include the collection of information to verify program/service eligibility for all beneficiaries prior to providing assistance. Grantee must determine that: 1) the household has a household income at or below 65% of area median income; 2) one or one or more individuals within the household has experienced unemployment, food, or housing insecurity; 3) the household qualifies for certain federal benefits, including Temporary Assistance for Needy Families, Supplemental Nutrition Program/CalFresh, and Free- and Reduced-Price Lunch and/or School Breakfast programs; 4) the household resides in Qualified Census Tracts; or, 5) the household qualifies for the Children’s Health Insurance Program, Childcare Subsidies through the Child Care Development Fund Program, or Medicaid.

**Condition:** Assistance may have been provided under the program to ineligible individuals.

**Cause:** The process implemented by FFT to screen applicants for eligibility under FFT’s programs did not take into account the criteria for eligibility as set forth in the Food and Nutritional Services grant.

**Effect:** Ineligible participants may have received assistance. As FFT is not in compliance with the provisions under the Food and Nutritional Services grant agreement, the County of Sonoma may request reimbursement of grant funds.

**Questioned Cost:** Not applicable.

**Repeat finding:** This is a repeat finding.

**Recommendation:** We recommend FFT implement a standardized process for determining program eligibility. Self-attestation forms should be completed by participants and updated at least annually. We additionally recommend that management overseeing this program be provided training to improve their assessments of the provisions under each of FFT’s grant agreements.

**Views of Responsible Officials:** See 2024 Corrective Action Plan.

Year Ended December 31, 2024

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### III. Federal Award Findings and Questioned Costs

#### Finding 2024-002

##### Untimely Filing with the Federal Clearinghouse

**Criteria:** Under federal regulations, specifically 2 CFR § 200.512, recipients of federal funding are required to submit their Single Audit report to the federal clearinghouse no later than nine months after the end of the fiscal year. Timely filing is critical for ensuring compliance with federal requirements and maintaining transparency in the use of federal funds.

**Condition:** FFT failed to submit its Single Audit report to the federal clearinghouse within the required deadline. The Single Audit report for the year ended December 31, 2023 was not filed until February 19, 2025, which was 142 days after the mandated due date of September 30, 2024. The delay in filing was directly attributable to management's misinterpretation of the eligibility requirements under the Food and Nutritional Services grant agreement between the County of Sonoma and FFT.

**Cause:** The untimely filing was caused by delays in completing the Single Audit. These delays were due to management's misinterpretation of program eligibility requirements, which prevented the audit from being finalized in time for timely submission to the federal clearinghouse.

**Effect:** The untimely filing of the Single Audit report with the federal clearinghouse resulted in non-compliance with federal reporting requirements. This delay could affect FFT's standing with federal agencies.

**Questioned Cost:** Not applicable.

**Recommendation:** It is recommended that management review and ensure a thorough understanding of all grant requirements, particularly eligibility criteria and submission timelines, for future claims. It is recommended that a process be established to review the grant terms and provide additional training to staff responsible for financial reporting to prevent similar issues in the future. Additionally, FFT should consider establishing a system for timely reminders to ensure compliance with all deadlines.

**Views of Responsible Officials:** See 2024 Corrective Action Plan.

Year Ended December 31, 2024

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**III. Federal Award Findings and Questioned Costs (continued)**

**Finding 2024-003**

**Program:** Coronavirus State and Local Fiscal Recovery Funds (“CSLFRF”)

**Pass-Through Entity:** County of Sonoma

**Assistance Listing No.:** 21.027

**Compliance Requirement:** Subrecipient Monitoring

**Compliance and Control Finding**

**Criteria:** In accordance with 2 CFR 200.332(d), recipients of federal awards who pass funds to subrecipients are required to monitor the activities of subrecipients to ensure that the subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward. Required monitoring includes reviewing financial and performance reports, following up on deficiencies, and ensuring timely corrective action is taken.

**Condition:** During the year ended December 31, 2024, FFT passed CSLFRF funds to one subrecipient. FFT did not perform any documented monitoring activities over this subrecipient. Specifically, FFT did not obtain or review financial and performance reports, nor did it conduct site visits, desk reviews, or other monitoring procedures required to ensure compliance with federal regulations.

**Cause:** FFT did not establish formalized subrecipient monitoring procedures for CSLFRF funds, due in part to a misunderstanding of its responsibilities as a pass-through entity and the federal compliance requirements related to subrecipient oversight.

**Effect:** As a result of inadequate subrecipient monitoring, there is an increased risk that subrecipients may have expended federal funds on unallowable costs or failed to comply with CSLFRF program requirements. This deficiency exposes FFT to potential repayment of funds and reputational risk if noncompliance is identified at the subrecipient level.

**Questioned Cost:** No specific questioned costs were identified; however, the total amount of CSLFRF funds passed through to the subrecipients without adequate monitoring was \$353,050, which is considered to be at risk of noncompliance.

**Recommendation:** We recommend that FFT establish and implement formal subrecipient monitoring procedures to ensure compliance with 2 CFR 200.332(d). This should include, developing a documented monitoring plan for CSLFRF subrecipients, obtaining and reviewing periodic financial and performance reports from subrecipients, performing documented follow-up on any deficiencies noted, and providing training to responsible staff regarding subrecipient monitoring requirements.

**Views of Responsible Officials:** See 2024 Corrective Action Plan.

**Year Ended December 31, 2024**

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## **II. Financial Statement Findings**

### **Finding 2023-001 Grant Noncompliance**

**Criteria:** The Food and Nutritional Services grant agreement between the County of Sonoma and FFT includes a provision—specific to this grant and not a federal compliance requirement—requiring grantees to maintain procedures for obtaining and recording information evidencing eligibility. These procedures should include the collection of information to verify program/service eligibility for all beneficiaries prior to providing assistance. Grantee must determine that: 1) the household has a household income at or below 65% of area median income; 2) one or one or more individuals within the household has experienced unemployment, food, or housing insecurity; 3) the household qualifies for certain federal benefits, including Temporary Assistance for Needy Families, Supplemental Nutrition Program/CalFresh, and Free- and Reduced-Price Lunch and/or School Breakfast programs; 4) the household resides in Qualified Census Tracts; or, 5) the household qualifies for the Children’s Health Insurance Program, Childcare Subsidies through the Child Care Development Fund Program, or Medicaid.

**Condition:** Assistance may have been provided under the program to ineligible individuals.

**Cause:** The process implemented by FFT to screen applicants for eligibility under FFT’s programs did not take into account the criteria for eligibility as set forth in the Food and Nutritional Services grant.

**Effect:** Ineligible participants may have received assistance. As FFT is not in compliance with the provisions under the Food and Nutritional Services grant agreement, the County of Sonoma may request reimbursement of grant funds.

**Questioned Cost:** Not applicable.

**Recommendation:** We recommend FFT implement a standardized process for determining program eligibility. Self-attestation forms should be completed by participants and updated at least annually. We additionally recommend that management overseeing this program be provided training to improve their assessments of the provisions under each of FFT’s grant agreements.

**Views of Responsible Officials:** See 2023 Corrective Action Plan

**Current Status:** Not implemented, see current year finding 2024-001

## **III. Federal Award Findings and Questioned Costs**

*No matters were reportable in the prior year*



## **Corrective Action Plan Year Ended December 31, 2024**

### **Financial Statement Findings**

**Finding Number:**

**2024-001**

**Finding:**

Grant Noncompliance. The process implemented by Food For Thought (“FFT”) to screen applicants for eligibility under FFT’s programs did not take into account the criteria for eligibility as set forth in the Food and Nutritional Services grant agreement between FFT and the County of Sonoma. As a result, ineligible participants may have received assistance under the Food and Nutritional Services grant.

**Planned Corrective Actions:**

FFT will formally document the eligibility criteria of clients receiving assistance under the Food and Nutritional Services grant.

**Anticipated Completion Date:**

December 31, 2024

**Responsible Contact Person:**

Nina Redman, Client Services and Nutrition Director

### **Federal Award Findings**

**Finding Number:**

**2024-002**

**Finding:**

FFT failed to submit its Single Audit report to the federal clearinghouse within the required deadline. The Single Audit report for the year ended December 31, 2023 was not filed until February 19, 2025, which was 142 days after the mandated due date of September 30, 2024. The untimely filing of the Single Audit report with the federal clearinghouse resulted in non-compliance with federal reporting requirements. This delay could affect FFT’s standing with federal agencies.

**Planned Corrective Actions:**

Future submissions will be completed in a timely manner.

**Anticipated Completion Date:**

December 31, 2024

**Responsible Contact Person:**

Janice Crump, Director of Finance and Administration

**Finding Number:****2024-003****Finding:**

During the year ended December 31, 2024, FFT passed Coronavirus State and Local Fiscal Recovery Funds (“CSLFRF”) to one subrecipient. FFT did not perform any documented monitoring activities over this subrecipient. Specifically, FFT did not obtain or review financial and performance reports, nor did it conduct site visits, desk reviews, or other monitoring procedures required to ensure compliance with federal regulations. As a result of inadequate subrecipient monitoring, there is an increased risk that subrecipients may have expended federal funds on unallowable costs or failed to comply with CSLFRF program requirements. This deficiency exposes FFT to potential repayment of funds and reputational risk if noncompliance is identified at the subrecipient level.

**Planned Corrective Actions:**

FFT will monitor its subcontractor for compliance in the future.

**Anticipated Completion Date:**

December 31, 2024

**Responsible Contact Person:**

Janice Crump, Director of Finance and Administration, and Nina Redman, Client Services and Nutrition Director



## **Corrective Action Plan Year Ended December 31, 2023**

### **Financial Statement Findings**

**Finding Number:**

**2023-001**

**Finding:**

Grant Noncompliance. The process implemented by Food For Thought (“FFT”) to screen applicants for eligibility under FFT’s programs did not take into account the criteria for eligibility as set forth in the Food and Nutritional Services grant agreement between FFT and the County of Sonoma. As a result, ineligible participants may have received assistance under the Food and Nutritional Services grant.

**Planned Corrective Actions:**

FFT will implement a standardized process for determining program eligibility. We will create self-attestation forms for participants and require an annual update. Our Client Services & Nutrition Director who oversees the program will train staff to improve their assessments.

**Anticipated Completion Date:**

The program ended 12/31/24 which was before we received notice of corrective action. In the future, we will consult with our local jurisdiction to discuss any guidance related to eligible activities. Additionally, we will formally document our discussions and establish a set of policies and procedures designed to mitigate risks to the best of our ability.

**Responsible Contact Person:**

Nina Redman