



Financial Statements

Food For Thought

Years Ended December 31, 2025 and 2024



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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, 2025 and 2024, 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, 2025 and 2024, and the changes in net assets and 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 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.

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.

Independent Auditor's Report (continued)

In performing an audit in accordance with GAAS, 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Sorren CPAs P.C.

Santa Rosa, California
September 23, 2026

**Food For Thought
Statements of Financial Position**

December 31,	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 631,604	\$ 510,392
Grant receivables	46,735	426,270
Contract receivables	156,565	76,381
Contribution receivables	15,500	67,074
Inventory	99,234	85,585
Prepaid expenses and other current assets	91,735	97,951
Total current assets	1,041,373	1,263,653
Right-of-use asset for operating leases, net	2,816	4,804
Investments	1,495,885	2,150,267
Investments, endowment	2,370,480	2,217,852
Property, equipment and improvements, net	4,539,186	4,383,104
Total assets	\$ 9,449,740	\$ 10,019,680
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 150,557	\$ 202,969
Accrued payroll liabilities	172,769	262,123
Operating lease liability	1,942	1,942
Total current liabilities	325,268	467,034
Operating lease liability	1,113	3,169
Long-term debt	2,670,250	2,670,250
Total liabilities	2,996,631	3,140,453
Net assets		
Without donor restrictions		
Undesignated	3,313,456	2,949,364
Board-designated	1,150,000	1,400,000
Total without donor restrictions	4,463,456	4,349,364
With donor restrictions	1,989,653	2,529,863
Total net assets	6,453,109	6,879,227
Total liabilities and net assets	\$ 9,449,740	\$ 10,019,680

See accompanying notes.

**Food For Thought
Statement of Activities**

Year Ended December 31, 2025

	Without donor restriction	With donor restriction	Total
Support, revenue, and other income			
Contributions and legacy gifts	\$ 1,557,480	\$ 968,500	\$ 2,525,980
Contributed non-financial assets	735,429	-	735,429
Investment income, net	508,097	-	508,097
Event revenue, net of \$145,785 in expense	428,450	-	428,450
Contract revenue	363,963	-	363,963
Employee Retention Credit	355,919	-	355,919
State and local grant revenue	52,805	-	52,805
Federal grant revenue	45,860	-	45,860
Other income	5,938	-	5,938
 Total support, revenue, and other income	 4,053,941	 968,500	 5,022,441
Reclassification, net assets released from restriction	1,508,710	(1,508,710)	-
 Expenses			
Program	4,244,571	-	4,244,571
Management and general	473,731	-	473,731
Fundraising	730,257	-	730,257
 Total expenses	 5,448,559	 -	 5,448,559
 Change in net assets	 114,092	 (540,210)	 (426,118)
Net assets at beginning of year	4,349,364	2,529,863	6,879,227
Net assets at end of year	\$ 4,463,456	\$ 1,989,653	\$ 6,453,109

See accompanying notes.

**Food For Thought
Statement of Activities**

Year Ended December 31, 2024

	Without donor restrictions	With donor restrictions	Total
Support, revenue, and other income			
Contributions and legacy gifts	\$ 1,124,153	\$ 709,958	\$ 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	 3,916,255	 1,217,019	 5,133,274
 Reclassification, net assets released from restriction	 645,312	 (645,312)	 -
Expenses			
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
 Change in net assets	 (1,252,648)	 571,707	 (680,941)
 Net assets at beginning of year	 5,602,012	 1,958,156	 7,560,168
 Net assets at end of year	 \$ 4,349,364	 \$ 2,529,863	 \$ 6,879,227

See accompanying notes.

**Food For Thought
Statement of Functional Expenses**

Year Ended December 31, 2025

	Programs							Total Program Services	Management and general	Fundraising	Total
	HIV Nutrition	Welcome Home	Infectious Disease	Oncology Nutrition	Full Belly	Community Supports	Bags of Love				
Salaries and wages	\$ 593,620	\$ 165,448	\$ 506	\$ 91,372	\$ 230,074	\$ 356,037	\$ 78,001	\$ 1,515,058	\$ 234,675	\$ 336,262	\$ 2,085,995
Purchased and donated food distributed	565,525	157,617	482	87,047	219,185	339,186	74,309	1,443,351	-	-	1,443,351
Employee benefits	127,014	35,400	108	19,550	49,228	76,180	16,690	324,170	50,212	71,948	446,330
Professional fees	72,658	20,251	62	11,184	28,161	43,579	9,547	185,442	76,791	147,844	410,077
Depreciation	73,339	20,441	63	11,289	28,425	43,987	9,637	187,181	17,962	25,737	230,880
Interest	55,500	15,468	47	8,543	21,511	33,288	7,293	141,650	21,431	30,708	193,789
Payroll taxes	48,734	13,583	42	7,501	18,888	29,229	6,404	124,381	19,266	27,606	171,253
Occupancy	45,695	12,736	39	7,033	17,710	27,407	6,004	116,624	17,645	25,282	159,551
Office expense	18,727	5,219	16	2,882	7,258	11,232	2,461	47,795	12,741	30,010	90,546
Supplies	19,486	5,431	17	2,999	7,553	11,687	2,561	49,734	2,671	3,740	56,145
Insurance	12,628	3,519	11	1,944	4,894	7,574	1,659	32,229	4,992	7,154	44,375
Repairs and maintenance	13,656	3,806	12	2,102	5,293	8,191	1,794	34,854	2,431	5,252	42,537
Staff and volunteer recognition	8,015	2,234	7	1,234	3,107	4,807	1,053	20,457	2,755	6,290	29,502
Fees and licenses	2,981	831	3	459	1,155	1,788	392	7,609	9,161	11,291	28,061
Travel, meetings, and trainings	5,330	1,486	5	821	2,066	3,197	700	13,605	931	1,033	15,569
Advertising	170	47	-	26	65	101	22	431	67	100	598
	\$ 1,663,078	\$ 463,517	\$ 1,420	\$ 255,986	\$ 644,573	\$ 997,470	\$ 218,527	\$ 4,244,571	\$ 473,731	\$ 730,257	\$ 5,448,559

See accompanying notes.

**Food For Thought
Statement of Functional Expenses**

Year Ended December 31, 2024

	Programs							Total Program Services	Management and general	Fundraising	Total
	HIV Nutrition	Welcome Home	Infectious Disease	Oncology Nutrition	Full Belly	Community Supports	Bags of Love				
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
Statements of Cash Flows**

Year Ended December 31,	2025	2024
	Increase (decrease) in cash and cash equivalents	
Cash flows from operating activities		
Change in net assets	\$ (426,118)	\$ (680,941)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	230,880	223,486
Noncash donations, stock	(58,467)	(548,947)
Noncash donations, food and nutrients	(676,962)	(613,059)
Donated food and nutrients distributed	674,003	613,059
Contributions for capital campaign	(500,000)	(500,000)
Interest and dividends reinvested	(118,077)	(119,262)
Right-of-use asset for operating leases amortization	1,988	1,987
Net realized and unrealized gain on investments	(390,020)	(269,109)
(Increase) decrease in operating assets:		
Grant receivables	379,535	(130,986)
Contract receivables	(80,184)	(42,791)
Contribution receivables	51,574	9,488
Inventory	(10,690)	41,990
Prepaid expenses and other current assets	6,216	(511)
Increase (decrease) in operating liabilities:		
Accounts payable	(52,412)	56,968
Accrued payroll liabilities	(89,354)	89,017
Operating lease liability	(2,056)	(1,944)
Net cash used in operating activities	(1,060,144)	(1,871,555)
Cash flows from investing activities		
Purchase of property, equipment and improvements	(386,962)	(141,261)
Proceeds from sale of investments	1,068,318	602,377
Net cash provided by investing activities	681,356	461,116
Cash flows from financing activities		
Contributions for capital campaign	500,000	500,000
Net increase (decrease) in cash and cash equivalents	121,212	(910,439)
Cash and cash equivalents at beginning of year	510,392	1,420,831
Cash and cash equivalents at end of year	\$ 631,604	\$ 510,392

See accompanying notes.

Food For Thought
Statements of Cash Flows (continued)

Year Ended December 31,	2025	2024
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 190,923	\$ 195,475
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	\$ 2,265	\$ 2,251

See accompanying notes.

Years Ended December 31, 2025 and 2024

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 2025, FFT served more than 2,000 clients who were affected by one or more of the following medical conditions and at risk of malnutrition:

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

The following programs are reflected in the statements of activities:

HIV Nutrition Program – The HIV Nutrition Program provides Sonoma County residents diagnosed with HIV, as well as their household members, with medically tailored weekly groceries and/or meals, vitamins, supplements, and nutrition counseling for as long as needed.

Welcome Home Program – The Welcome Home Program provides Sonoma County residents with chronic medical conditions who have recently been discharged from an inpatient facility, such as a hospital, skilled nursing facility, psychiatric facility, or substance use treatment facility, with 12 weeks of medically tailored groceries and/or meals and nutrition counseling.

Infectious Disease Program – The Infectious Disease Program provides weekly medically tailored groceries and/or meals and nutrition counseling to Sonoma County residents diagnosed with COVID-19, tuberculosis, mpox, or experiencing debilitating effects of Long COVID, as well as their household members. The duration of program eligibility varies based on need.

Oncology Nutrition Program – The Oncology Nutrition Program provides Sonoma County residents undergoing chemotherapy or immunotherapy with medically tailored groceries and/or meals, nutritional supplements, and nutrition counseling for the duration of their cancer treatment. Program eligibility may be extended based on the course of treatment.

Full Belly Program – The Full Belly Program provides medically tailored groceries and/or meals and nutrition counseling to expectant clients at risk for malnutrition, as well as members of their households, throughout pregnancy and for 12 weeks following the birth of the baby.

Community Supports Program – The Community Supports Program provides Sonoma County residents with Partnership HealthPlan insurance who have a qualifying medical condition with 12 weeks of medically tailored groceries and/or meals and nutrition counseling. Participants may qualify for a one-time extension based on need and approval by Partnership HealthPlan.

Years Ended December 31, 2025 and 2024

Note A. Nature of Activities (continued)

Bags of Love – The Bags of Love program provides ready-to-eat food to individuals experiencing homelessness and serious mental and/or physical health conditions. FFT partners with local health centers to distribute bags of food onsite at participating clinics and offices.

Clients receive weekly grocery orders that include fresh fruit and vegetables, high-quality proteins, healthy grains, vitamins, supplements, and medically-tailored prepared meals, as needed. All FFT clients have the dignity of choice, selecting from a dietician-approved menu of healthy options that are both tailored to the client's unique medical condition and 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 clients. One-on-one nutrition counseling with a registered dietician is also offered.

FFT's services are provided free of charge and improve health outcomes, 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.

Grant, Contract, and Contribution Receivables and Allowance for Credit Losses

Grant, contract, and contribution receivables represent amounts due from federal, state, and local government agencies and healthcare organizations for various programs, as well as amounts due from donors. Receivables are recorded when the related revenue is recognized and are stated at net realizable value.

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. Management believes receivables recorded as of December 31, 2025 and 2024 are fully collectible. Accordingly, no allowance for credit loss is recorded

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.

Years Ended December 31, 2025 and 2024

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.

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 restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the earnings are recognized.

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 restrictions 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.

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 restrictions – 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 restrictions – 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 restrictions are released to net assets without donor restrictions when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Years Ended December 31, 2025 and 2024

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, 2025 and 2024, FFT had no endowment funds with deficiencies.

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.

Years Ended December 31, 2025 and 2024

Note B. Summary of Significant Accounting Policies (continued)

Revenue Recognition and Contributions (continued)

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 restrictions 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 restrictions 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 restrictions 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.

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.

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, 2025 and 2024, as management determined that FFT had no unrelated business income.

Years Ended December 31, 2025 and 2024

Note B. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

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.

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 20,800 and 20,500 volunteer hours during the years ended December 31, 2025 and 2024, respectively.

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, meals distributed, 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.

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, 2025 and 2024

Note B. Summary of Significant Accounting Policies (continued)

Prior Year Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no impact on prior year total net assets, changes in net assets, or cash flows as previously reported.

Note C. Investments

Investments stated at fair value consist of the following:

December 31,	2025	2024
Investments:		
Mutual funds	\$ 1,041,960	\$ 1,517,456
Exchange-traded funds	453,925	632,811
	1,495,885	2,150,267
Investments, endowment:		
Mutual funds	1,925,884	1,787,549
Exchange-traded funds	444,596	430,303
	2,370,480	2,217,852
	\$ 3,866,365	\$ 4,368,119

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

Year Ended December 31,	2025	2024
Interest and dividends	\$ 118,077	\$ 119,262
Realized and unrealized gains, net	406,714	286,057
	524,791	405,319
Less: investment management fees	(16,694)	(16,948)
Investment income, net	\$ 508,097	\$ 388,371

Years Ended December 31, 2025 and 2024

Note D. 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:

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.

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.

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

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, 2025 and 2024, 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, 2025 and 2024

Note E. Property, Equipment and Improvements

Property, equipment and improvements consist of the following:

December 31,	2025	2024
Buildings and improvements	\$ 3,213,569	\$ 3,213,569
Land	1,526,226	1,526,226
Construction in progress	396,376	70,674
Equipment	338,831	338,831
Software	266,376	266,376
Vehicles	120,556	59,296
Furniture and fixtures	14,235	14,235
	5,876,169	5,489,207
Accumulated depreciation	(1,336,983)	(1,106,103)
	\$ 4,539,186	\$ 4,383,104

Depreciation expense for the years ended December 31, 2025 and 2024 amounted to \$230,880 and \$223,486, 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.

Future maturities of long-term debt as of December 31, 2025 are as follows:

Year Ending December 31,	
2026	\$ -
2027	-
2028	-
2029	40,422
2030	43,538
Thereafter	2,586,290
	\$ 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.

Years Ended December 31, 2025 and 2024

Note G. 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,	2025	2024
With donor restrictions:		
Perpetual in nature - endowment fund	\$ 1,607,032	\$ 1,607,032
Subject to passage of time and purpose restrictions	25,000	-
Subject to passage of time restrictions	15,500	55,833
Subject to expenditure for specific purpose:		
Capital campaign	275,633	571,992
Specific programs	22,548	203,806
Specific purchases	28,940	90,200
Specific locations	15,000	1,000
Total net assets with donor restrictions	1,989,653	2,529,863
Without donor restrictions:		
Board-designated:		
Operating reserve	750,000	1,000,000
Capital improvement reserve	300,000	300,000
Maintenance reserve	100,000	100,000
	1,150,000	1,400,000
Undesignated	3,313,456	2,949,364
Total net assets without donor restrictions	4,463,456	4,349,364
Total net assets	\$ 6,453,109	\$ 6,879,227

Years Ended December 31, 2025 and 2024

Note G. Net Assets (continued)

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,	2025	2024
Subject to passage of time restrictions	\$ 55,833	\$ -
Subject to passage of time and purpose restrictions	-	18,750
Satisfaction of purpose restrictions:		
Capital campaign	796,358	447,853
Specific programs	594,259	178,209
Specific locations	1,000	-
Specific programs and locations	-	500
Specific purchases	61,260	-
Total net assets released from restriction	\$ 1,508,710	\$ 645,312

Note H. Endowment Funds

Changes in endowment assets were as follows:

	Without donor restrictions	With donor restrictions	Total
Balance, January 1, 2024	\$ 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
Interest and dividends	62,571	-	62,571
Realized and unrealized gains, net	258,535	-	258,535
Investment management fees	(8,934)	-	(8,934)
Contribution	25,465	-	25,465
Distribution	(155,250)	-	(155,250)
Balance, December 31, 2025	\$ 827,662	\$ 1,607,032	\$ 2,434,694

Endowment assets include investments and cash and cash equivalents of \$64,214 and \$34,455 as of December 31, 2025 and 2024, respectively. Cash and cash equivalents included in endowment assets are without donor restrictions.

Years Ended December 31, 2025 and 2024

Note I. 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,	2025	2024
Cash and cash equivalents	\$ 631,604	\$ 510,392
Grant, contract, and contribution receivables	218,800	569,725
Investments	1,495,885	2,150,267
Investments, endowment	2,370,480	2,217,852
	4,716,769	5,448,236
Less donor imposed restrictions unavailable for general expenditure	1,989,653	2,529,863
Funds available to meet expenditures within one year with Board's approval	\$ 2,727,116	\$ 2,918,373
Less funds with Board designation	1,150,000	1,400,000
Funds available to management to meet expenditures within one year	\$ 1,577,116	\$ 1,518,373

Note J. 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:

Balance as of January 1, 2024	\$ 54,724
Conditional grants awarded	995,844
Revenue earned	(1,030,463)
Balance as of December 31, 2024	20,105
Conditional grants awarded	219,424
Revenue earned	(98,665)
Balance as of December 31, 2025	\$ 140,864

Years Ended December 31, 2025 and 2024

Note K. Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized in the statements of activities consist of the following:

December 31,	2025	2024	Program utilization	Valuation techniques and inputs
Food and nutrients	\$ 676,962	\$ 613,059	Food and nutrients	Fair value based on pricing of similar items at time of donation
Equity stocks	58,467	548,947	N/A	Fair value based on quoted market prices on date of contribution
Supplies	-	8,120	N/A	Fair value based on quoted market prices on date of contribution
Event facilities	-	71,549	N/A	Fair value based on current rate for similar events
	\$ 735,429	\$ 1,241,675		

For the year ended December 31, 2024, \$507,061 in contributed equity stock was restricted for use in FFT's capital campaign.

Note L. 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. During the year ended December 31, 2023, FFT received \$69,318, plus interest, under the ERC. No amounts were received under the ERC during the year ended December 31, 2024. During the year ended December 31, 2025, FFT received the remaining ERC proceeds of \$309,028, plus interest. As of December 31, 2025, no additional amounts remain to be received under the ERC claim.

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 nonelective contributions to eligible employees upon completion of two months of service, calculated using a discretionary formula based on participants' eligible compensation. Employer nonelective contributions amounted to \$95,435 and \$97,697 for the years ended December 31, 2025 and 2024, respectively.

Years Ended December 31, 2025 and 2024

Note N. Concentrations

For the year ended December 31, 2024, FFT had two donors that provided approximately 22% of total revenues. FFT had one grantor that provided 19% of total revenues for the year ended December 31, 2024. No amounts were receivable from the donors and the receivable balance due from the grantor was \$354,145, as of December 31, 2024.

FFT had no revenue concentrations for the year ended December 31, 2025.

Note O. Risks and Uncertainties

Deposit Risk

FFT maintains its cash and cash equivalents with commercial banks and a brokerage firm which, at times, exceed federally insured limits. Accounts with these institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. The uninsured portions of cash and cash equivalents 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 account balances. FFT had approximately \$54,000 and \$0 on deposit in excess of the FDIC insured amount as of December 31, 2025 and 2024, respectively.

Note P. Subsequent Events

FFT evaluated subsequent events through September 23, 2026, the date which the financial statements were available to be issued.

In March 2026, FFT received a \$1 million contribution restricted for use in connection with the capital campaign.