



**Nourish
California**

Nourish California

Financial Statements

For the Year Ended
June 30, 2025

With Independent Auditors' Report Thereon

NOURISH CALIFORNIA

(A California Not-for-Profit Corporation)

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Information

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Nourish California

Opinion

We have audited the accompanying financial statements of Nourish California (a California nonprofit organization) which comprise the statement of financial position as of June 30, 2025 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year 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 Nourish California as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nourish California and to meet our other ethical responsibilities in accordance with the 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 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 Nourish California's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (continued)

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nourish California'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 Nourish California'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.

Report on Summarized Comparative Information

We have previously audited Nourish California's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 3, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*October 10, 2025
Danville, California*

Regalia Berger & Berger

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NOURISH CALIFORNIA

Statements of Financial Position June 30, 2025 and 2024

ASSETS

	2025	2024
Current assets:		
Cash and cash equivalents	\$ 504,013	\$ 390,088
Grants receivable	54,881	613,000
Other receivables	18,070	21,618
Investments	541,418	581,436
Prepaid expenses	16,362	28,615
Total current assets	1,134,744	1,634,757
Noncurrent assets:		
Right of use assets - premises	259,914	357,564
Grants receivable - long term (net)	-	120,111
Deposits and other assets	24,325	22,000
	\$ 1,418,983	\$ 2,134,432

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,687	\$ 15,999
Accrued payroll liabilities	47,617	50,305
Lease liability - current	130,425	119,192
Deferred revenue	7,944	7,719
Total current liabilities	196,673	193,215
Noncurrent liabilities:		
Deposits held	8,216	8,216
Lease liability - noncurrent	149,997	278,107
Total liabilities	354,886	479,538
Net assets:		
Without donor restrictions	369,407	375,611
With donor restrictions	694,690	1,279,283
Total net assets	1,064,097	1,654,894
	\$ 1,418,983	\$ 2,134,432

NOURISH CALIFORNIA

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2025
(with Summarized Financial Information for the Year Ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
Revenue and support:				
Contributions, donations, and grants	\$ 310,922	\$ 605,000	\$ 915,922	\$ 1,844,400
Contributed nonfinancial assets	36,856	-	36,856	-
Contract revenue	8,245	-	8,245	2,295
Net investment income	63,434	-	63,434	67,345
Events and conferences	-	-	-	9,141
Rental and other income	90,654	-	90,654	90,654
Total	510,111	605,000	1,115,111	2,013,835
Net assets released from restrictions	1,194,482	(1,194,482)	-	-
Change in unamortized discount	-	4,889	4,889	9,586
 Total revenue and support	 1,704,593	 (584,593)	 1,120,000	 2,023,421
 Expenses:				
Program activities	1,387,068	-	1,387,068	1,872,102
General and administrative	284,691	-	284,691	199,893
Fundraising	39,038	-	39,038	24,891
 Total expenses	 1,710,797	 -	 1,710,797	 2,096,886
Decrease in net assets	(6,204)	(584,593)	(590,797)	(73,465)
Net assets at beginning of year	375,611	1,279,283	1,654,894	1,728,359
 Net assets at end of year	 \$ 369,407	 \$ 694,690	 \$ 1,064,097	 \$ 1,654,894

NOURISH CALIFORNIA

Statements of Cash Flows For the Years Ended June 30, 2025 and 2024

	2025	2024
<i>Operating activities:</i>		
Decrease in net assets	\$ (590,797)	\$ (73,465)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Change in unamortized discount	(4,889)	(9,586)
Unrealized investment gains	(32,832)	(36,207)
Changes in:		
Grants receivable	683,119	87,000
Other receivables	3,548	1,505
Deposits and other assets	(2,325)	-
Prepaid expenses	12,253	10,717
Operating lease assets and liabilities	(19,227)	22,442
Accounts payable and accrued liabilities	(5,312)	(23,303)
Accrued payroll liabilities	(2,688)	(5,261)
Deferred revenue	225	219
Cash provided by (used for) operating activities	<u>41,075</u>	<u>(25,939)</u>
<i>Investing activities:</i>		
Purchase and acquisition of investments	(402,150)	(17,485)
Proceeds from disposition of investments	<u>475,000</u>	<u>86,580</u>
Cash provided by investing activities	<u>72,850</u>	<u>69,095</u>
Increase in cash and cash equivalents	113,925	43,156
Cash and cash equivalents at beginning of year	<u>390,088</u>	<u>346,932</u>
Cash and cash equivalents at end of year	<u><u>\$ 504,013</u></u>	<u><u>\$ 390,088</u></u>
<i>Additional cash flow information:</i>		
State registration taxes paid	\$ 200	\$ 220
Interest paid	<u>\$ -</u>	<u>\$ -</u>

NOURISH CALIFORNIA

Statement of Functional Expenses
For the Year Ended June 30, 2025
(with Summarized Financial Information for the Year Ended June 30, 2024)

	General			2025	2024
	Program Activities	and Admin- istrative	Fund- raising	Total	Total
	\$	\$	\$	\$	\$
Grants	-	-	-	-	100,250
Insurance	5,929	560	115	6,604	2,581
Legal, accounting and professional fees	203,467	54,435	5,430	263,332	399,979
Lobbying fees	52,100	-	-	52,100	42,000
Miscellaneous	10	-	-	10	1,417
Occupancy	2,113	124,289	61	126,463	161,151
Office and supplies	32,301	4,356	2,540	39,197	39,112
Personnel expenses	1,016,309	100,325	29,935	1,146,569	1,201,722
Printing and copying	215	-	2	217	1,283
Telecommunications	27,791	66	554	28,411	22,967
Travel, conferences and meetings	46,833	660	401	47,894	124,374
 Totals	 \$ 1,387,068	 \$ 284,691	 \$ 39,038	 \$ 1,710,797	 \$ 2,096,836

Notes to Financial Statements June 30, 2025

1. Organization

Nourish California was incorporated in August 1992 as a California nonprofit public benefit corporation dedicated to improving the health and well-being of low-income Californians by increasing their access to nutritious and affordable food.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of Nourish California have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"); consequently, revenues and gains are recognized when earned, and expense and losses are recognized when incurred regardless of the timing of cash flows.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Nourish California's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

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

Comparative Financial Information - The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class or functional category. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with Nourish California's audited financial statements for the year ended June 30, 2024, from which the summarized information was derived.

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

Cash and Cash Equivalents – All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and cash equivalents held in investment portfolios are excluded from cash and cash equivalents available for current use.

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Financial Instruments and Credit Risk – Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed by Nourish California to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025, Nourish California did not hold any cash deposits in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of Nourish California's mission.

Grants Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if applicable, is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Other Receivables – Nourish California's other receivables primarily consists of the unbilled rent receivable which represents the difference in recognizing straight line rental income compared to the cash payments received.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions or net assets with donor restrictions depending if their use is restricted by donor stipulations or law. Net investment return is reported in the statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Right of Use Leased Assets and Liabilities – Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent Nourish California's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Contributions of Nonfinancial Assets – Contributed services and in-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958-605, Not-for-Profit Entities – Revenue Recognition*. The contributions of services, equipment and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In addition to contributed nonfinancial assets, volunteers contribute time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

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

Net Assets without Donor Restrictions

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for any particular purpose, such as an operating reserve or board-designated endowment, but has not opted to do so as of June 30, 2025 and 2024.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those restrictions which will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Nourish California reports contributions restricted by donors as increases in net assets with donor restrictions 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 restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Functional Allocation of Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and changes in net assets in accordance with the requirements of *ASC 958-205 - Not-for-Profit Entities - Presentation of Financial Statements*. The statement of functional expenses presents the natural classification detail of expenses by function. A majority of expenses (personnel expenses, occupancy, office and supplies, and other overhead) have been allocated based on time and effort using the organization's payroll allocations. Other expenses have been presented based on direct relationships.

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition - Revenue is recognized in accordance with authoritative guidance, including *ASC 958-605, Not-for-Profit Entities – Revenue Recognition* and *ASC 606, Revenue from Contracts with Customers*. Contributions are recognized as revenue upon receipt and are recorded based on the existence and/or nature of any donor restrictions. Revenue from exchange transactions with customers are recognized when Nourish California's related performance obligations are satisfied, either over time or at a point in time. Nourish California's significant revenue streams and the related revenue recognition policies are as follows:

- **Contributions, Donations and Grants** – Nourish California recognizes all contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received, regardless of whether any related donor-imposed restrictions have been fulfilled. Contributions without donor-imposed restrictions are reported as net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions. When a donor-imposed time or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restriction.
- **Contract Revenue** – Nourish California enters into contracts to provide program related services. The revenue from these contracts is recognized when earned and therefore measured as services are provided.
- **Rental Income** – Nourish California subleases office space located in Oakland, CA. Rental income is recognized on a straight line basis over the life of the lease.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute is accounted for as a refundable advance until the conditions have been substantially met.

Income Taxes – Nourish California has received determination letters from the Internal Revenue Service and the State of California Franchise Tax Board recognizing it as exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively. Nourish California's exemption from federal and state income taxes remains in effect and is subject to periodic review by the applicable taxing authorities. Management believes that Nourish California continues to operate in compliance with all applicable requirements to maintain its tax-exempt status.

In addition, Nourish California is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Nourish California files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income consisting of sublease rental income.

Management has evaluated the Organization's tax positions in accordance with *ASC 740-10, Accounting for Uncertainty in Income Taxes*, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

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Notes to Financial Statements June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements – Adopted - Effective January 1, 2023, Nourish California adopted **ASC 326, Financial Instruments – Credit Losses**, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost. CECL requires entities to measure all expected credit losses for applicable financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The impact of adoption of this standard was not material to the financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following at June 30:

	2025	2024
Checking (non-interest bearing)	\$ 79,060	\$ 339,799
Sweep (interest bearing)	424,924	50,243
PayPal account	29	46
Total cash and cash equivalents	\$ 504,013	\$ 390,088

Funds in interest-bearing accounts bore interest at rates ranging from 0.4% to 1.08% per annum at June 30, 2025. Interest income earned from such accounts amounted to \$3,451 and \$232 for the years ended June 30, 2025 and 2024, respectively.

4. Grants Receivable

Grants receivable are expected to be collected as follows at June 30:

	2025	2024
Year ending June 30, 2025	\$ 54,881	\$ 738,000
Year ending June 30, 2026	-	125,000
Subtotal	54,881	738,000
Less: Unamortized discount	-	(4,889)
Total	\$ 54,881	\$ 733,111

Amounts due in more than one year have been presented at net present value utilizing a discount rate of 4.07% at June 30, 2024. The discount rate approximates the yield on U.S. Treasury securities with an average maturity consistent with the expected timing of collections. The change in the unamortized discount during the years ended June 30, 2025 and 2024 of \$4,889 and \$9,586, respectively, is reflected as a component of donor restricted revenue on the statement of activities and changes in net assets.

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Notes to Financial Statements June 30, 2025

5. Investments and Fair Value Measurements

Investments consist of the following at June 30:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 539,252	\$ 541,418	\$ 562,675	\$ 581,436

Investments are all classified as net assets without donor restrictions as of June 30, 2025 and 2024, respectively. Investments are reported at fair value in the financial statements with gains and losses included on the statement of activities and changes in net assets. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Nourish California groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3: Unobservable inputs that cannot be corroborated by observable market data. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Composition of assets utilizing fair value measurements at June 30, 2025 is as follows:

	Totals	Level 1	Level 2	Level 3
Mutual funds	\$ 541,418	\$ 541,418	\$ -	\$ -

NOURISH CALIFORNIA

Notes to Financial Statements June 30, 2025

5. Investments and Fair Value Measurements (continued)

Composition of assets utilizing fair value measurements at June 30, 2024 is as follows:

	Totals	Level 1	Level 2	Level 3
Mutual funds	\$ 581,436	\$ 581,436	\$ -	\$ -

Composition of investment income is summarized as follows for the years ended June 30:

	2025	2024
Interest and dividends on investments	\$ 13,950	\$ 17,485
Capital gains distributions	29,234	16,349
Realized losses	(16,033)	(2,928)
Change in unrealized gains and losses	32,832	36,207
Total income from investments	<u>\$ 59,983</u>	<u>\$ 67,113</u>

6. Liquidity

Nourish California regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. Nourish California has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and the future collection of receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Nourish California considers all expenditures related to its ongoing activities in support of food policy initiatives to increase low-income Californians' access to healthy food to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, Nourish California operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following table shows the total financial assets held by Nourish California and the amounts of those financial assets readily available within one year of the date of the statement of financial position to meet general expenditures:

	2025	2024
Cash and cash equivalents	\$ 504,013	\$ 390,088
Grants receivable	54,881	613,000
Investments	541,418	581,436
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs and projects	<u>(226,453)</u>	<u>(438,339)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 873,859</u>	<u>\$ 1,146,185</u>

NOURISH CALIFORNIA

Notes to Financial Statements June 30, 2025

6. Liquidity (continued)

A significant amount of the support received by Nourish California is restricted by donors. Because donor restrictions require resources to be used in a particular manner or in a future period, Nourish California must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Nourish California's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Nourish California's goal is to generally maintain financial assets to meet six months of operating expenses.

7. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under ASC 710.25, Nourish California is required to record a liability for the estimated amounts of compensation for vacation, sick leave, and personal time. Employees are permitted to accrue a specific number of hours for estimated future absences, and such accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the fiscal year. These accrued benefits amounted to \$42,700 and \$50,305 at June 30, 2025 and 2024, respectively, and are included with accrued payroll liabilities on the statements of financial position. Pursuant to a Board resolution, certain employees may also be permitted to take up to a two-month sabbatical leave if certain conditions are met. No accrual has been established for any potential sabbatical costs as of June 30, 2025 or 2024.

8. Net Assets

Net assets without donor restrictions represent the cumulative retained surpluses of Nourish California since its inception. At June 30, 2025 and 2024, net assets without donor restrictions amounted to \$369,407 and \$375,611, respectively.

Nourish California recognizes support from net assets with donor restrictions when the restrictions imposed by the donors are satisfied or expire. Net assets with donor restrictions consist of the following at June 30:

<u>Restricted for:</u>	2025	2024
Future periods	\$ 468,237	\$ 845,833
Northern California programs	46,880	154,819
Southern California programs	44,573	151,756
Other specific programs and projects	135,000	131,764
Unamortized discount	-	(4,889)
Total net assets with donor restrictions	\$ 694,690	\$ 1,279,283

During the years ended June 30, 2025 and 2024, Nourish California recorded \$605,000 and \$1,366,500 respectively, in restricted grants and donations. Net assets with donor restrictions released to net assets without donor restrictions amounted to \$1,194,482 and \$1,396,311 for the years ended June 30, 2025 and 2024, respectively.

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Notes to Financial Statements June 30, 2025

9. Leases

Nourish California leases office space in Oakland under a multi-year operating lease expiring September 30, 2027. As of June 30, 2025, the lease requires a monthly rental payment of \$8,787, with stipulated annual inflation-adjustment increases each October 1. Nourish California also leases additional space in Oakland under an operating lease expiring December 31, 2026. This lease requires a monthly rental payment of \$2,395 as of June 30, 2025, with rent increases every February.

The weighted average discount rate is based on the discount rate implicit in the lease. Nourish California has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for the leases where the implicit rate is not readily determinable.

When applicable, Nourish California has elected the short-term lease exemption for all leases with a term of 12 months or fewer for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

Nourish California had no finance leases in effect during the years ended June 30, 2025 and 2024. Total operating lease cost recognized on the statement of functional expenses amounted to \$126,463 and \$161,151 for the years ended June 30, 2025 and 2024, respectively.

The following summarizes cash flow information related to operating leases for the years ended June 30:

	2025	2024
Cash paid for amounts included in measurement of lease liabilities	\$ 130,535	\$ 115,582
Cash paid for CAM and parking charges	10,541	3,390
Total cash paid for operating leases	\$ 141,076	\$ 118,972

The following table represents the weighted-average remaining lease term and discount rate for the operating lease as of June 30:

	2025	2024
Weighted-average remaining lease term (in months)	23	35
Weighted-average discount rate	4.0%	4.0%

As of June 30, 2025, minimum future lease payments for all operating leases with terms of one year or more are as follows:

Year Ending:	Total
June 30, 2026	\$ 139,384
June 30, 2027	125,856
June 30, 2028	27,968
Total Lease Payments	293,208
Less: Interest	(12,786)
Present value of lease liabilities	\$ 280,422

NOURISH CALIFORNIA

Notes to Financial Statements June 30, 2025

9. Leases (continued)

Nourish California subleases the office space in relation to one of their operating leases in which they are the lessee. The sublease expires at the same time as the original lease which is September 30, 2027. As of June 30, 2025, the sublease requires monthly rental payments of \$7,744 with stipulated annual inflation-adjustment increases each October 1. Nourish California recognizes rental income under the lease agreement on a straight - line basis, resulting in an unbilled rent receivable of \$18,070 and \$21,618 as of June 30, 2025 and 2024, respectively. The rent receivable is included in other receivables on the statements of financial position.

As of June 30, 2025, minimum future rental receipts for the sublease with terms of one year or more are as follows:

Year Ending:	Total
June 30, 2026	\$ 94,556
June 30, 2027	97,393
June 30, 2028	24,647
Total rental receipts	\$ 216,596

10. Retirement Plan

Nourish California offers employees the opportunity for participation in a salary reduction retirement plan qualified under the Internal Revenue Code Section 403(b). Substantially all full-time employees are eligible for participation in the plan and are 100% vested in their deferred compensation balances. Nourish California makes contributions to the plan as determined annually by the organization's Board of Directors. During the years ended June 30, 2025 and 2024, Nourish California contributed \$34,851 and \$42,383 respectively, to the plan.

11. Contributions of Nonfinancial Assets

For the year ended June 30, 2025, contributed nonfinancial assets recognized in the statement of activities amounted to \$36,856 and consisted of contributed legal services which were provided by attorneys who advised the Organization on various administrative legal matters. These contributed legal services were used for management and general activities and are recognized at fair value based on rates for similar legal services. There were no contributed nonfinancial assets recognized during the year ended June 30, 2024.

12. Related Party Transactions

In compliance with *ASC 850, Related Party Disclosures*, Nourish California has evaluated its related party transactions. Board members made monetary contributions totaling \$25,813 during the year ended June 30, 2025. This amount is included with individual contributions on the statement of activities and changes in net assets.

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Notes to Financial Statements June 30, 2025

13. Commitments and Contingencies

In the normal course of business, Nourish California could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate Nourish California to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond Nourish California's control, such as generosity of donors and general economic conditions, (c) employment contracts and service agreements with outside contractors, and (d) financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments or contingencies have been properly addressed, appropriate amounts have been accrued (where necessary), and there will not be any resolution with a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting agencies.

14. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Nourish California has evaluated subsequent events through October 10, 2025, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which necessitate disclosure.