

Nourish California

Financial Statements

For the Year Ended
June 30, 2026
with comparative information for 2025
and Independent Auditors' Report Thereon

(A California Not-for-Profit Corporation)

Contents

	Page
Independent Auditors' Report	1
Audited Financial Statements:	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 - 17

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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, 2026 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, 2026, 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 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.



October 15, 2026
Danville, California

Statement of Financial Position
June 30, 2026
(with comparative totals for 2025)

ASSETS

	2026	2025
Current assets:		
Cash and cash equivalents	**$ 190,558**	$ 504,013
Grants receivable	**1,465,000**	54,881
Other receivables	**11,723**	18,070
Investments	**823,891**	541,418
Prepaid expenses	**10,143**	16,362
Total current assets	**2,501,315**	1,134,744
Noncurrent assets:		
Operating right of use assets - premises	**136,842**	259,914
Grants receivable - long term (net)	**174,399**	-
Deposits and other assets	**24,325**	24,325
	$ 2,836,881	$ 1,418,983

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	**$ 21,193**	$ 10,687
Accrued payroll liabilities	**54,793**	47,617
Operating lease liability - current	**122,211**	130,425
Deferred revenue	**8,176**	7,944
Total current liabilities	**206,373**	196,673
Noncurrent liabilities:		
Deposits held	**8,216**	8,216
Operating lease liability - noncurrent	**27,787**	149,997
Total liabilities	**242,376**	354,886
Net assets:		
Without donor restrictions	**163,646**	369,407
With donor restrictions	**2,430,859**	694,690
Total net assets	**2,594,505**	1,064,097
	$ 2,836,881	$ 1,418,983

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2026
(with comparative totals for 2025)

	Without Donor Restrictions	With Donor Restrictions	Total 2026	Total 2025
Revenue and support:				
Contributions, donations, and grants	$ 88,168	$ 2,935,001	**$ 3,023,169**	$ 915,922
Contributed nonfinancial assets	-	-	**-**	36,856
Contract revenue	9,050	-	**9,050**	8,245
Net investment income	93,237	-	**93,237**	63,434
Events and conferences	7,445	-	**7,445**	-
Rental and other income	90,654	-	**90,654**	90,654
Total	288,554	2,935,001	**3,223,555**	1,115,111
Net assets released from restrictions	1,193,231	(1,193,231)	**-**	-
Change in unamortized discount	-	(5,601)	**(5,601)**	4,889
Total revenue and support	1,481,785	1,736,169	**3,217,954**	1,120,000
Expenses:				
Program activities	1,377,265	-	**1,377,265**	1,387,068
General and administrative	285,322	-	**285,322**	284,691
Fundraising	24,959	-	**24,959**	39,038
Total expenses	1,687,546	-	**1,687,546**	1,710,797
Increase (decrease) in net assets	(205,761)	1,736,169	**1,530,408**	(590,797)
Net assets at beginning of year	369,407	694,690	**1,064,097**	1,654,894
Net assets at end of year	$ 163,646	$ 2,430,859	**$ 2,594,505**	$ 1,064,097

Statement of Cash Flows
For the Year Ended June 30, 2026
(with comparative totals for 2025)

	2026	2025
Operating activities:		
Increase (decrease) in net assets	**$ 1,530,408**	$ (590,797)
Adjustments to reconcile to cash (used for) provided by operating activities:		
Change in unamortized discount	**5,601**	(4,889)
Unrealized investment gains	**(2,691)**	(32,832)
Changes in:		
Grants receivable	**(1,590,119)**	683,119
Other receivables	**6,347**	3,548
Deposits and other assets	**-**	(2,325)
Prepaid expenses	**6,219**	12,253
Operating lease assets and liabilities	**(7,352)**	(19,227)
Accounts payable and accrued liabilities	**10,506**	(5,312)
Accrued payroll liabilities	**7,176**	(2,688)
Deferred revenue	**232**	225
Cash (used for) provided by operating activities	**(33,673)**	41,075
Investing activities:		
Purchase and acquisition of investments	**(729,782)**	(402,150)
Proceeds from disposition of investments	**450,000**	475,000
Cash (used for) provided by investing activities	**(279,782)**	72,850
(Decrease) increase in cash and cash equivalents	**(313,455)**	113,925
Cash and cash equivalents at beginning of year	**504,013**	390,088
Cash and cash equivalents at end of year	**$ 190,558**	$ 504,013
Additional cash flow information:		
State registration taxes paid	**$ 200**	$ 200
Interest paid	**$ -**	$ -

Statement of Functional Expenses
For the Year Ended June 30, 2026
(with comparative totals for 2025)

	Program Activities	General and Admin-istrative	Fund-raising	2026 Total	2025 Total
Insurance	$ -	$ 5,580	$ -	**$ 5,580**	$ 6,604
Legal, accounting and professional fees	178,060	54,351	3,266	**235,677**	263,332
Lobbying fees	37,862	-	-	**37,862**	52,100
Miscellaneous	-	50	-	**50**	10
Occupancy	12,838	131,552	204	**144,594**	126,463
Office and supplies	20,430	7,403	126	**27,959**	34,661
Personnel expenses	1,026,882	83,199	20,291	**1,130,372**	1,160,969
Printing and copying	-	-	-	**-**	217
Stipends	14,242	92	30	**14,364**	4,536
Telecommunications	12,138	1,007	255	**13,400**	14,011
Travel, conferences and meetings	74,813	2,088	787	**77,688**	47,894
Totals	$ 1,377,265	$ 285,322	$ 24,959	**$ 1,687,546**	$ 1,710,797

Notes to Financial Statements
June 30, 2026
(with comparative information for 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.

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, 2025, from which the summarized information was derived.

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.

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, 2026, 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. The Organization's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Management and the Finance Committee monitor investment performance and believe that, as of June 30, 2026 and 2025, there were no significant concentrations of investment risk that would materially affect Nourish's financial position. While market conditions may cause fluctuations in fair value, such fluctuations are reflected in the accompanying financial statements.

2. Summary of Significant Accounting Policies *(continued)*

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 expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities and changes in net assets. Any allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Historically, Nourish has collected all of its promises to give, and as a result management has determined that no allowance for doubtful accounts is necessary as of June 30, 2026 for promises to give.

Other Receivables – Nourish California's other receivables consist 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. Lease liabilities are measured at the present value of future lease payments discounted using the rate implicit in the lease, or the risk-free rate when the implicit rate is not readily determinable. Right of 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. Operating lease expense is recognized on a straight-line basis over the lease term.

Nourish has elected the short-term lease exemption for leases with an initial term of 12 months or less and does not recognize right of use assets or lease liabilities for such leases. Lease payments for short-term leases are recognized on a straight-line basis over the lease term.

Payroll Liabilities – Nourish records payroll and related liabilities as incurred. Full-time employees accrue paid vacation time in accordance with Nourish's personnel policies, subject to a maximum accrual limit. Accrued and unused vacation time is paid out upon termination of employment. Sick leave and holiday benefits are provided in accordance with organizational policy and applicable California state law. As of June 30, 2026 and 2025, management has determined that all accrued paid time off obligations have been properly recorded within accrued payroll liabilities on the statement of financial position.

2. Summary of Significant Accounting Policies *(continued)*

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, 2026 and 2025.

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.

Conditional contributions and grants receivable with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend are substantially met. Amounts received prior to incurring qualifying expenditures are recorded as refundable advances in the statement of financial position.

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 Nourish California's 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.

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 is 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.

- ***Event and Conference Revenue*** – The revenue from event registrations is recognized when the events occur and therefore measured as services are provided.

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.

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.

2. Summary of Significant Accounting Policies *(continued)*

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. When applicable, Nourish California files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable 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.

3. Cash and Cash Equivalents

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

	2026	2025
Checking (non-interest bearing)	**$ -**	$ 79,060
Sweep (interest bearing)	**189,496**	424,924
PayPal account	**1,062**	29
Total cash and cash equivalents	**$ 190,558**	$ 504,013

Funds in interest-bearing accounts bore interest at rates ranging from 2.8% to 4.3% per annum at June 30, 2026. Interest income earned from such accounts amounted to $10,764 and $3,451 for the years ended June 30, 2026 and 2025, respectively.

4. Grants Receivable

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

	2026	2025
Year ending June 30, 2026	**$ -**	$ 54,881
Year ending June 30, 2027	**1,465,000**	-
Year ending June 30, 2028	**180,000**	-
Subtotal	**1,645,000**	54,881
Less: Unamortized discount	**(5,601)**	-
Total	**$ 1,639,399**	$ 54,881

4. Grants Receivable *(continued)*

Amounts due in more than one year have been presented at net present value utilizing a discount rate of 3.95% at June 30, 2026. 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, 2026 and June 30, 2025 of ($5,601) and $4,889, respectively, is reflected as a component of donor restricted revenue on the statement of activities and changes in net assets.

5. Investments and Fair Value Measurements

Investments consist of highly liquid instruments held in an investment services brokerage account. These funds are not donor-restricted or board-designated for long-term purposes but are invested to earn interest while remaining available for near-term operational needs. Nourish California considers these investments a component of its overall liquidity strategy. Investments consist of the following at June 30:

	2026		2025	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	$ 819,894	**$ 823,891**	$ 539,252	$ 541,418

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.

5. Investments and Fair Value Measurements *(continued)*

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 Nourish California's assessment of the quality, risk or liquidity profile of the asset or liability.

Composition of assets utilizing fair value measurements at June 30, 2026 is as follows:

	Totals	Level 1	Level 2	Level 3
Mutual funds	$ 823,891	$ 823,891	$ -	$ -

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	$ -	$ -

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

	2026	2025
Interest and dividends on investments	**$ 23,905**	$ 13,950
Capital gains distributions	**54,434**	29,234
Realized gains (losses)	**1,443**	(16,033)
Change in unrealized gains and losses	**2,691**	32,832
Total income from investments	**$ 82,473**	$ 59,983

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.

6. Liquidity *(continued)*

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:

	2026	2025
Cash and cash equivalents	**$ 190,558**	$ 504,013
Grants receivable	**1,465,000**	54,881
Investments	**823,891**	541,418
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs and projects	**(1,873,960)**	(226,453)
Financial assets available to meet general expenditures over the next twelve months	**$ 605,489**	$ 873,859

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 its liquidity management, Nourish California structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management prepares an annual operating budget that is approved by the board and monitors actual results and cash flow against that budget throughout the year. Subsequent to June 30, 2026, Nourish California was awarded multi-year grants that will support operations in future years, and the board has approved spending reductions to maintain a balanced budget.

7. Compensated Absences

Financial statement presentation follows the recommendations of *ASC 710-10-25, Compensated Absences*. Under ASC 710-10-25, 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 a component of accrued payroll liabilities. These accrued benefits amounted to $50,059 and $42,700 at June 30, 2026 and 2025, respectively. 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, 2026 or 2025.

8. Net Assets

Net assets without donor restrictions represent the cumulative retained surpluses of Nourish California since its inception. At June 30, 2026 and 2025, net assets without donor restrictions amounted to $163,646 and $369,407, 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:

Restricted for:	2026	2025
Future periods	**$ 562,500**	$ 468,237
Food Justice and Health	**1,873,960**	226,453
Unamortized discount	**(5,601)**	**-**
Total net assets with donor restrictions	**$ 2,430,859**	$ 694,690

During the years ended June 30, 2026 and 2025, Nourish California recorded $2,935,001 and $605,000 respectively, in restricted grants and donations. Net assets with donor restrictions released to net assets without donor restrictions amounted to $1,193,231 and $1,194,482 for the years ended June 30, 2026 and 2025, respectively.

9. 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, 2026 and 2025, Nourish California contributed $32,602 and $34,851 respectively, to the plan.

10. Leases

Nourish California leases office space in Oakland under a multi-year operating lease expiring September 30, 2027. As of June 30, 2026, the lease requires a monthly rental payment of $9,051, 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 $2,467 as of June 30, 2026.

The weighted average discount rate used to measure these liabilities is based on a risk-free rate. As the rates implicit in the leases are not readily determinable, the Organization has elected to use a risk-free rate for periods comparable to the lease terms. The Organization has applied this election to all classes of leased assets.

Nourish California had no finance leases in effect during the years ended June 30, 2026 and 2025.

10. Leases *(continued)*

Total occupancy cost recognized on the statement of functional expenses for the years ended June 30 are as follows:

	2026	2025
Occupancy expense for leases	**$ 132,408**	$ 115,922
Occupancy expense for CAM and parking charges	**12,186**	10,541
Total occupancy expense	**$ 144,594**	$ 126,463

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

	2026	2025
Cash paid for amounts included in measurement of lease liabilities	**$ 134,523**	$ 130,535
Cash paid for CAM and parking charges	**12,186**	10,541
Total cash paid for operating leases	**$ 146,709**	$ 141,076

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

	2026	2025
Weighted-average remaining lease term (in months)	**12**	23
Weighted-average discount rate	**4.0%**	4.0%

As of June 30, 2026, minimum future lease payments for all operating leases with terms of one year or more are as follows:

Year Ending:	Total
June 30, 2027	$ 125,856
June 30, 2028	27,968
Total lease payments	153,824
Less: Interest	(3,826)
Present value of lease liabilities	**$ 149,998**

10. 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, 2026, the sublease requires monthly rental payments of $7,976 with stipulated annual inflation-adjustment increases each December 1. Nourish California recognizes rental income under the lease agreement on a straight-line basis, resulting in an unbilled rent receivable of $11,723 and $18,070 as of June 30, 2026 and 2025, respectively. The rent receivable is reflected in other receivables on the statement of financial position.

As of June 30, 2026, minimum future rental receipts for the sublease with terms of one year or more are as follows:

Year Ending:		Total
June 30, 2027	$	97,393
June 30, 2028		24,647
Total rental receipts	**$**	**122,040**

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, 2026.

12. Concentration

Nourish California received a substantial amount of funding from one grantor in fiscal year 2026. This funding amounted to 69% of revenue and support with donor restrictions for the year ended June 30, 2026. This funding is restricted for time and purpose but will be released as restrictions are met during the fiscal years ending June 30, 2026 through June 30, 2028. At June 30, 2026, this represented 68% of current grants receivable. There were no such concentrations received during the year ending June 30, 2025.

13. 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 $2,472 and $25,813 during the years ended June 30, 2026 and 2025, respectively. These amounts are included with contributions, donations, and grants on the statement of activities and changes in net assets.

14. 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.

15. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Nourish California has evaluated subsequent events through October 15, 2026, the date the financial statements were available to be issued, and in the opinion of management, there are no subsequent events which necessitate disclosure.