FOOD WELL ALLIANCE, INC.

Financial Statements
and
Independent Auditors' Report

For the Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Food Well Alliance, Inc.

Opinion

We have audited the financial statements of Food Well Alliance, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Food Well Alliance, Inc., as of June 30, 2023, and the changes in its net assets and its cash flows for the year ended June 30, 2023, 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 (GAAS). 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 Food Well Alliance, Inc., 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 Food Well Alliance, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

<u>Auditors' Responsibilities for the Audit of the Financial Statements</u>

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Food Well Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Well Alliance, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Marshall Jones

Atlanta, Georgia
October 24, 2022

FOOD WELL ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2023

ASSETS

Current Assets	
Cash and cash equivalents	**$ 1,127,193**
Accounts receivable	**1,312,104**
Investments	**2,057,398**
Prepaid expenses	**47,740**
Total Current Assets	**4,544,435**
Property and Equipment	
Furniture and equipment	**69,014**
Vehicles	**45,000**
Leasehold improvements	**44,159**
	158,173
Less: Accumulated depreciation	**(49,793)**
Total Property and Equipment, Net	**108,380**
Other Assets	
Right-of-use lease asset	**169,944**
Total Other Assets	**169,944**
TOTAL ASSETS	**$ 4,822,759**

FOOD WELL ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION - CONTINUED
June 30, 2023

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued expenses	**$ 51,488**
Total Current Liabilities	**51,488**
Long-Term Liabilities	
Lease liability	**165,361**
Total Long-Term Liabilities	**165,361**
Total Liabilities	**216,849**
Net Assets	
Net assets without donor restriction	**2,356,908**
Net assets with donor restriction	**2,249,002**
Total Net Assets	**4,605,910**
TOTAL LIABILITIES AND NET ASSETS	**$ 4,822,759**

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

FOOD WELL ALLIANCE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Net assets without donor restriction	Net assets with donor restriction	**Total**
Revenue			
Grants	$ 349,538	$ 2,175,000	**$ 2,524,538**
Donations	236,410	-	**236,410**
In kind donations	20,000	-	**20,000**
Special events	66,630	-	**66,630**
Rent income	271,656	-	**271,656**
Interest and dividends	49,806	-	**49,806**
Realized/unrealized gain on investments	62,903	-	**62,903**
Other income	12,864	-	**12,864**
Net assets released from restriction	2,240,998	(2,240,998)	**-**
Total Revenue	3,310,805	(65,998)	**3,244,807**
Expenses			
Program services	2,682,601	-	**2,682,601**
970 Operation	242,330	-	**242,330**
Management and general	378,792	-	**378,792**
Total Expenses	3,303,723	-	**3,303,723**
Change in Net Assets	7,082	(65,998)	**(58,916)**
Net Assets - Beginning of Year	2,349,826	2,315,000	**4,664,826**
Net Assets – End of year	$ 2,356,908	$ 2,249,002	**$ 4,605,910**

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

FOOD WELL ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Services	970 Operations	Management and General	**Total**
Functional Expenses				
Salaries and wages	$ 827,762	$ 56,233	$ 69,169	**$ 953,164**
Payroll taxes	91,095	7,998	5,885	**104,978**
Employee benefits	146,378	23,250	9,456	**179,084**
Direct re-grants	313,805	-	-	**313,805**
Project expenses	1,073,612	-	-	**1,073,612**
Depreciation	7,440	6,127	8,316	**21,883**
Rent expense	16,638	26,721	7,058	**50,417**
Professional services	-	-	177,070	**177,070**
Marketing expenses	110,793	-	47,483	**158,276**
Bank fees	-	-	7,331	**7,331**
Memberships and dues	-	-	3,805	**3,805**
Office supplies and postage	8,414	-	3,606	**12,020**
Insurance	23,058	4,914	9,828	**37,800**
Software and technology	38,849	-	16,650	**55,499**
Employee expenses	13,038	-	5,588	**18,626**
Travel and meals	5,942	-	2,547	**8,489**
Board expenses	-	-	2,118	**2,118**
Utilities	5,774	49,082	2,887	**57,743**
Repairs and maintenance	-	68.003	-	**68,003**
Total Functional Expenses	$ 2,682,598	$ 242,328	$ 378,797	**$ 3,303,723**

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This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

FOOD WELL ALLIANCE, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

Cash Flows From Operating Activities	
Change in net assets	**$ (58,916)**
Adjustment to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	**21,883**
Realized/unrealized gain on investments, interest and dividends, less fees	**(105,885)**
(Increase) decrease in:	
Accounts receivable	**(47,104)**
Prepaid expenses	**(21,481)**
Right-of-use lease asset and liability, net	**(4,583)**
Increase (decrease) in:	
Accounts payable and accrued expenses	**13,694**
Net Cash Used In Operating Activities	**(202,392)**
Cash Flows From Investing Activities	
Purchase of investments	**(650,000)**
Purchases of property and equipment	**(29,575)**
Net Cash Used In Investing Activities	**(679,575)**
Net Decrease In Cash and Cash Equivalents	**(881,967)**
Cash and Cash Equivalents, Beginning of Year	**2,009,160**
Cash and Cash Equivalents, End of Year	**$ 1,127,193**

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

FOOD WELL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – NATURE OF ACTIVITIES

Food Well Alliance, Inc., ("the Organization") was incorporated in 2015, under the laws of the state of Georgia as a not-for-profit corporation. The Organization is a collaborative network of local leaders working together to build thriving community gardens and urban farms across metro Atlanta. The Organization's mission is to provide resources and support to local growers to connect and build healthier communities. The Organization's vision is for an equitable, local food ecosystem in which everyone can participate and benefit.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements in accordance with the accounting principles generally accepted in the United States of America ("GAAP"). Revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

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

> Net assets without donor restriction - represents net assets that are not restricted by donor imposed stipulations and are available for support of operations and other expenditures.
>
> Net assets with donor restriction - represents net assets whose use by the Organization is subject to stipulations imposed by donor, either by time or purpose.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through the filing date of this report. Any significant events that have occurred through that date are included in these notes.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash balances are maintained with financial institutions which are insured by the Federal Deposit Insurance Corporation up to $250,000. Cash balances exceed insured amounts from time to time; however, management does not feel that the Organization is exposed to any significant credit risk on these accounts. The Organization considers all short-term, highly liquid investments with original maturities at the purchase date of three months or less to be cash equivalents.

Investments

Investments are stated at fair value. Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework 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).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

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

Investments consist of the following as of June 30, 2023, all of which are Level 1:

Bank sweeps	**$ 5,264**
Money market funds	**23,418**
Fixed income	**1,138,976**
Equity funds	**646,687**
Exchange traded funds	**243,053**
Total	**$ 2,057,398**

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All expenditures for property and equipment in excess of $2,500 are capitalized. Expenditures with a value or cost less than $2,500 will be expensed in the period purchased. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using the straight-line method as follows:

Office furniture	5 years
Vehicles	5 years
Equipment	5 – 10 years
Leasehold improvements	Length of lease

Total depreciation expense for the year ended June 30, 2023, was $21,883.

Functional Allocation of Expenses

The cost of providing the various programs has been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statement reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Payroll expenses are allocated on the basis of estimates of time and effort. Occupancy is allocated based on square footage.

Revenue Recognition

The Organization recognizes revenues in accordance with Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. The ASU also provides additional clarification as to whether or not a contribution is conditional.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions without donor restrictions and in-kind contributions are recognized and reported as increases to net assets "without donor restrictions" in the accompanying Statement of Activities in the fiscal year in which the donor makes the unconditional promise to give to the Organization. Contributions and in-kind contributions that are restricted by the donor as to their specified purpose or time period for use are recognized and reported as increases to net assets "with donor restriction" in the accompanying Statement of Activities in the fiscal year in which the donor makes the promise to give to the Organization. When a donor restriction expires or is satisfied, the related assets are reclassified from net assets "with donor restriction" to net assets "without donor restriction" in the accompanying Statement of Activities.

Income Taxes

The Organization has been organized as a Georgia nonprofit corporation, recognized by the IRS as exempt from federal income tax under Internal Revenue Code Section 501(c)(3), and determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income derived from business activities that are unrelated to its exempt purpose. Management has determined that the Organization had no unrelated business income during 2023, and accordingly has not filed and Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization only recognizes the tax benefit from an uncertain tax position taken, or to be taken, in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the IRS and all state jurisdictions where the Organization operates.

Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2023. The Organization is subject to federal and state examinations, generally three years from the date that the returns are filed. Currently, there are no examinations in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for years prior to 2020.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization prepares an annual operating budget to manage its liquidity and does not commit to expenditures if cash is not available to pay the expenditures immediately. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year for the Statement of Financial Position date of June 30, 2023, comprise the following:

Cash and cash equivalents	**$ 1,127,193**
Accounts receivable	**1,312,104**
Investments	**2,057,398**
Financial assets, at year end	**4,496,695**
Less: sub-tenant escrow	**(11,239)**
Less: net assets with donor restriction	**(2,249,002)**
Financial assets available to meet cash needs within one year	**$ 2,236,454**

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable are due to be received in the following year, and are deemed by management to be fully collectible.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consisted of the following at June 30, 2023, subject to expenditures for specific time or purpose:

James M. Cox Foundation Grant	**$ 2,100,000**
Arthur M. Blank Foundation Grant	**125,000**
East Point Grant for USDA Match	**24,002**
Total	**$ 2,249,002**

NOTE 6 – OPERATING LEASE COMMITMENT

FASB issued Accounting Standards Codification Update 842 (ASC 842), which is a comprehensive change for lease arrangements. The objective of ASC 842 is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases. This standard requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as outflows of resources.

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use asset. The Organization, adopted ASC 842 for the year ended June 30, 2023, and thus changed its method of accounting for leases.

In May 2021, the Organization entered into a lease agreement for office space through July 2026. The lease contains a renewal option for two additional five-year periods; however, as of the audit opinion date, management has not made a decision as to whether it is more likely than not that the current lease renewal options will be utilized or not be utilized.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate of 1.6%.

Total right-of-use asset and lease liability at June 30, 2023 were $169,944 and $165,361, respectively.

The future minimum lease payments for the years ending June 30 are as follows:

2024	**$ 55,000**
2025	**55,000**
2026	**55,000**
2027	**4,583**
Total	**$ 169,583**

NOTE 7 – RETIREMENT EXPENSE

In January 2020, the Organization established a 401(k) profit sharing plan (the Plan) covering all employees. The Plan allows for a discretionary employer match of 3%. The amount contributed to the Plan for the year ended June 30, 2023, was $24,769.

NOTE 8 – IN KIND CONTRIBUTION

Donated materials and other noncash donations utilized to carry out the Organization's mission are recorded as contributions at their fair values at the date of donation, at current market rates for comparable services. Donated services are recognized as contributions if the services (a) create or enhance the nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

The Organization received $20,000 of contributed vehicles and equipment during the year ended June 30, 2023.

NOTE 9 – RELATED PARTY TRANSACTION

The Organization paid Bolling Consulting, LLC $90,000 during the year ended June 30, 2023.