Food Literacy Center

Sacramento, California

Financial Statements and Independent Auditor's Report

For the Year Ended December 31, 2025

With Summarized Comparative Financial Information
For the Year Ended December 31, 2024

THE PUN GROUP
ACCOUNTANTS & ADVISORS

Food Literacy Center
For the Year Ended December 31, 2025

(With Summarized Comparative Financial Information for the Year Ended December 31, 2024)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Food Literacy Center
Sacramento, California

Opinion

We have audited the accompanying financial statements of Food Literacy Center (the "Center") (a California nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of December 31, 2025, and the changes in its net assets, its functional expenses, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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 the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Center'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 the Center'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 the Center’s financial statements for the year ended December 31, 2024, and we expressed an unmodified opinion on those financial statements in our report dated August 11, 2025. The summarized comparative information presented with the financial statements herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The Pun Group, LLP

Sacramento, California
August 21, 2026

FINANCIAL STATEMENTS

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Food Literacy Center
Statement of Financial Position
December 31, 2025
(With Comparative Financial Information as of December 31, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 1,952,406	$ 1,470,172
Donated securities held for sale	2,587	-
Accounts receivable	-	3,620
Contributions receivable, net	1,260,053	1,461,019
Prepaid expenses	12,979	8,118
Property and equipment, net	81,212	95,213
Total assets	$ 3,309,237	$ 3,038,142
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 18,209	$ 12,390
Accrued expenses	117,369	87,291
Refundable advance	27,229	-
Total liabilities	162,807	99,681
Net assets:		
Without donor restrictions:		
Board-designated for operating reserves	1,012,320	996,000
Board-designated for capital assets	20,000	20,000
Board-designated for maintenance	20,000	20,000
Undesignated	1,109,500	757,089
Total net assets without donor restrictions	2,161,820	1,793,089
With donor restrictions:		
Purpose-restricted	95,738	64,381
Time-restricted for future periods	888,872	1,080,991
Total net assets with donor restrictions	984,610	1,145,372
Total net assets	3,146,430	2,938,461
Total liabilities and net assets	$ 3,309,237	$ 3,038,142

The accompanying notes are an integral part of these financial statements.

Food Literacy Center
Statement of Activities
For the Year Ended December 31, 2025
(With Summarized Comparative Financial Information for the Year Ended December 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues:				
Support and other revenue:				
Private grants and contributions	$ 1,322,855	$ 70,350	$ 1,393,205	$ 929,114
Oak Park Farmer's Market revenue and support	270,477	25,388	295,865	297,518
Program services revenue (other)	212,180	-	212,180	163,491
Contributed nonfinancial assets	73,360	-	73,360	68,387
Special events revenue	14,938	-	14,938	16,609
Less: Cost of direct benefits to donors	(1,831)	-	(1,831)	(4,206)
Interest and other income	13,720	-	13,720	15,159
Total support and other revenue	1,905,699	95,738	2,001,437	1,486,072
Net assets released from restrictions	256,500	(256,500)	-	-
Total revenue	2,162,199	(160,762)	2,001,437	1,486,072
Expenses:				
Program services:				
Food Literacy program	1,164,612	-	1,164,612	1,026,422
Oak Park Farmers Market	295,812	-	295,812	211,682
Total program services	1,460,424	-	1,460,424	1,238,104
Supporting services:				
Management and general	178,565	-	178,565	113,436
Fundraising	154,479	-	154,479	138,229
Total supporting services	333,044	-	333,044	251,665
Total expenses	1,793,468	-	1,793,468	1,489,769
Changes in net assets	368,731	(160,762)	207,969	(3,697)
Net assets:				
Beginning of year	1,793,089	1,145,372	2,938,461	2,942,158
End of year	$ 2,161,820	$ 984,610	$ 3,146,430	$ 2,938,461

The accompanying notes are an integral part of these financial statements.

Food Literacy Center
Statement of Functional Expenses
For the Year Ended December 31, 2025
(With Summarized Comparative Financial Information for the Year Ended December 31, 2024)

	Program Services		Supporting Services			
	Food Literacy Program	Oak Park Farmers Market	Management and General	Fundraising	2025 Total	2024 Total
Expenses:						
Personnel expenses:						
Salaries and wages	$ 589,189	$ 190,554	$ 60,239	$ 91,249	$ 931,231	$ 743,446
Employee benefits	43,952	14,215	4,494	6,807	69,468	61,592
Payroll taxes	48,001	15,524	4,908	7,434	75,867	59,064
Staff development	14,385	4,652	1,471	2,228	22,736	32,258
Workers' compensation insurance	5,591	1,808	571	866	8,836	18,052
Total personnel	701,118	226,753	71,683	108,584	1,108,138	914,412
Bank and payroll charges	-	-	4,664	-	4,664	3,962
Depreciation	14,001	-	-	-	14,001	12,046
Donated facilities	160,369	6,088	1,925	2,915	171,297	167,118
Donated food, supplies, and services	57,386	800	3,306	11,868	73,360	68,387
Events and fundraising	-	-	-	2,227	2,227	2,631
Insurance	4,504	1,457	460	697	7,118	6,861
Meetings	1,497	448	142	214	2,301	2,160
Miscellaneous	1,291	142	45	248	1,726	1,423
Occupancy	2,893	27	8	13	2,941	4,255
Office supplies	9,515	2,060	651	3,781	16,007	19,027
Professional fees	27,249	1,913	93,547	9,451	132,160	116,626
Printing and postage	1,654	504	159	7,774	10,091	11,877
Program expenses	156,717	49,345	-	-	206,062	124,371
Software and website	14,698	3,850	1,217	5,562	25,327	18,175
Telecommunications	2,456	794	253	380	3,883	1,321
Travel and meals	6,412	709	214	323	7,658	8,409
Utilities	2,852	922	291	442	4,507	6,708
Total expenses	$ 1,164,612	$ 295,812	$ 178,565	$ 154,479	$ 1,793,468	$ 1,489,769

The accompanying notes are an integral part of these financial statements.

Food Literacy Center
Statement of Cash Flows
For the Year Ended December 31, 2025
(With Comparative Financial Information for the Year Ended December 31, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	$ 207,969	$ (3,697)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,001	12,046
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Donated securities (held for sale)	(2,587)	5,281
Accounts receivable	3,620	31,655
Contributions receivable, net	200,966	(136,306)
Prepaid expenses	(4,861)	(8,118)
Increase (decrease) in liabilities:		
Accounts payable	5,819	70
Accrued expenses	30,078	29,438
Refundable advance	27,229	(9,484)
Net cash provided by (used in) operating activities	482,234	(79,115)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(79,033)
Net cash provided by (used in) investing activities	-	(79,033)
NET CHANGE IN CASH AND CASH EQUIVALENTS	482,234	(158,148)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,470,172	1,628,320
End of year	$ 1,952,406	$ 1,470,172

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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Note 1 – Nature of the Organization

Food Literacy Center (the "Center") of Sacramento, California is an independent not-for-profit organization incorporated on November 16, 2011. Its mission is to inspire kids to eat their vegetables. The Center teaches children in low-income elementary schools cooking, nutrition, gardening, and active play to improve healthy eating habits and support community health. The Center's programs include school-based food literacy education, field trips, cooking and gardening activities, and related community food education.

The Center also operated the Oak Park Farmers Market during 2025. The market supported access to fresh produce and related food literacy programming in the Oak Park community. During 2025, the Center approved the wind-down of the market following completion of the 2025 market season.

The Center is primarily funded through government grants, private foundation grants, individual and corporate contributions, program service fees, and contributed nonfinancial assets.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") where revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Center's audited financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Certain 2024 summarized comparative amounts have been reclassified to conform to the 2025 financial statement presentation. Program service revenue and related Oak Park Farmers Market program expenses were reduced by $41,539 to exclude fiscal sponsor/pass-through fees that were collected and remitted by the Center without discretion.

In addition, activities previously tracked by the Center as fundraising events were reevaluated, and certain amounts were determined to relate to paid program or campaign activity rather than U.S. GAAP-defined special events. Special event revenue of $42,815 was reclassified to private grants and contributions, and $2,631 of direct donor benefit costs was reclassified to fundraising expense, following reevaluation of certain activities previously reported as fundraising events.

Note 2 – Summary of Significant Accounting Policies (Continued)

Comparative Financial Information (Continued)

Net assets with donor restrictions were also reclassified to conform to the current-year presentation. Promised future use of facilities of $1,045,991 was reclassified from purpose-restricted to time-restricted, and $64,381 related to the Oak Park Farmers Market was reclassified from time-restricted to purpose-restricted. Related 2024 net assets released from restrictions of $390,388 were reclassified from purpose restrictions satisfied to time restrictions satisfied.

These reclassifications had no effect on the previously reported change in net assets for the year ended December 31, 2024, or on total net assets with donor restrictions or total net assets as of December 31, 2024.

Cash and Cash Equivalents

The Center considers all financial instruments purchased with an original maturity of three months or less, as well as immediate cash held for deposit, to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable, if any, consist primarily of amounts due for program service fees and other exchange-type transactions. Accounts receivable are recorded at net realizable value. Management evaluates collectability based on the age of receivables, subsequent collections, historical collection experience, and specific customer or funding source information. As of December 31, 2025 and 2024, no allowance for credit losses was considered necessary.

Contributions Receivable

Contributions receivable consist of unconditional promises to give, earned grant reimbursements, and the promised use of facilities. Amounts expected to be collected or satisfied within one year are recorded at net realizable value. Contributions receivable expected to be collected or satisfied in future years are recorded at present value using a risk-adjusted discount rate. Amortization of the discount is recognized as contribution revenue in the statement of activities.

Management evaluates collectability based on donor and grantor history, subsequent collections, grant reimbursement status, the continuing facility-use arrangement, and other relevant facts and circumstances. Management expects all contributions receivable to be collectible or satisfied; accordingly, no allowance for uncollectible contributions was recorded as of December 31, 2025 and 2024.

Property and Equipment

Property and equipment with a cost or donated fair value over $5,000 are carried at cost, if purchased, or estimated fair value on the date contributed, if donated, less accumulated depreciation. The Center provides for depreciation using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 7 years.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment are recorded as support without donor restrictions when the assets are placed in service. For the years ended December 31, 2025 and 2024, the Center received no donated property or equipment.

Maintenance and repairs are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of, the cost or donated value and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in other revenues or expenses for the period.

Note 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. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restrictions:* Net assets available for use in general operations and not subject to donor or grantor restrictions. From time to time, the Board of Directors may designate a portion of these net assets for specific purposes.

- *Net Assets with Donor Restrictions:* Net assets subject to donor or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or by actions of the Center. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions unless the restriction is met in the same reporting period in which the contribution is recognized. Contributions with restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions. When a restriction expires in a subsequent period, 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.

All contributions are considered available for general use, unless specifically restricted by the donor, grantor, or subject to other legal restrictions.

Revenue and Revenue Recognition

The Center recognizes revenue from program service fees and other exchange-type transactions during the year in which the related services are provided or goods are delivered, as applicable. For service-learning programs, the performance obligation of delivering service-learning activities is simultaneously received and consumed by the participants; therefore, revenue is recognized over the applicable program period. Any amounts received before services are provided are deferred to the applicable period. Revenue from contracts with customers is recognized primarily over time as the related services are provided. Other exchange revenue is recognized at a point in time when the related goods or services are provided.

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, including those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Center's revenue is derived from cost-reimbursable government and foundation contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when expenditures have been incurred in compliance with specific contract or grant provisions. Amounts received before incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of December 31, 2025 and 2024, the Center had conditional grant award balances of $1,841,676 and $1,393,050, respectively, that had not been recognized because qualifying expenditures had not yet been incurred.

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (Continued)

Special event revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Special event revenue is recognized equal to the fair value of direct benefits to donors when the event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place

Donated Securities

Donated securities are recorded at fair value on the date of donation and are held for sale. Thereafter, these securities are reported at fair value in the statement of financial position until sold. Net investment return or loss is reported as other income in the statement of activities and consists of realized and unrealized gains and losses, less any related external expenses.

Contributed Nonfinancial Assets

Contributed nonfinancial assets include donated facility use, food, supplies, and services. Contributed nonfinancial assets are recorded at fair value on the date of donation and are recognized as contribution revenue and expense in the period received or used, as applicable. The Center does not sell donated gifts-in-kind. Volunteers contribute time to program services, administration, and fundraising activities; however, the financial statements do not reflect the value of contributed volunteer services unless the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Functional Allocation of Expenses

The costs of providing the program services and other activities have been detailed in the statement of functional expenses and are summarized on a functional basis in the statement of activities. Program and supporting services are charged with their direct expenses when applicable. Certain categories of expenses are attributed to both program and supporting services, therefore, expenses require allocation on a reasonable basis that is consistently applied. Allocated expenses include payroll and related costs, occupancy, donated facility use, and other shared costs, and are allocated based on time and effort, square footage, or other reasonable allocation methods depending on the nature of the expense.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was $48,021 and $51,501 for the years ended December 31, 2025 and 2024, respectively.

Income Tax Status

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and related California code sections. However, the Center is subject to income taxes from activities unrelated to its tax-exempt purposes, unless that income is otherwise excluded by the IRC. The Center is considered a public charity and has been classified as an organization that is not a private foundation under IRC Section 509(a)(2).

Management has processes in place to ensure maintenance of the Center's tax-exempt status; to identify and report unrelated business income; to determine the filing and tax obligations for which the Center has nexus; and to identify and evaluate other matters that may be considered tax positions. Management has evaluated the tax positions and related income tax contingencies and does not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements. The Center is no longer subject to federal income tax examinations for years before 2022 or California income tax examinations for years before 2021.

Note 2 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could vary from those estimates under different assumptions or conditions.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and cash equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Center has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates, subsequent collection history, the nature of the promised facility-use arrangement, and because substantial portions are due from government agencies and foundations supportive of the mission. Donated securities are generally held for sale and may be exposed to market risk until sold.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	$ 1,952,406	$ 1,470,172
Donated securities held for sale	2,587	-
Accounts receivable	-	3,620
Contributions receivable due within one year	371,181	415,028
	2,326,174	1,888,820
Less: financial assets unavailable for general expenditures within one year, due to:		
Restricted by donors for a specific purpose	(95,738)	(64,381)
Designated by the board of directors for reserves	(1,052,320)	(1,036,000)
	(1,148,058)	(1,100,381)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,178,116	$ 788,439

Board-designated reserves are subject to limits imposed by the Board of Directors; however, the Board may make these amounts available for general expenditure, if necessary. The Center maintains liquid balances in checking and money market accounts in amounts necessary to meet anticipated operating expenditures for at least the next 60 days. Cash in excess of operating needs may be held in savings, money market accounts, or other short-term cash management vehicles.

Note 4 – Fair Value of Donated Securities

In accordance with U.S. GAAP, the Center uses the following prioritized input levels to measure fair value. The input levels used for valuing instruments are not necessarily an indication of risk.

- Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as quoted market prices for publicly traded securities.
- Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as quoted prices for similar assets or liabilities or other observable market data.
- Level 3 – Unobservable inputs, which reflect the Center's assumptions about the inputs market participants would use in pricing the asset or liability.

Donated securities held for sale are reported at fair value and consisted of the following as of December 31, 2025:

	Level 1	Total
Marketable equity securities	$ 2,587	$ 2,587
Total donated securities held for sale	$ 2,587	$ 2,587

The Center held no donated securities as of December 31, 2024.

Note 5 – Contributions Receivable

Contributions receivable are expected to be collected or satisfied as follows as of December 31, 2025 and 2024:

	2025	2024
Contributions and grants receivable	$ 371,181	$ 415,028
Promised use of facilities	1,070,984	1,242,281
Less: unamortized discount	(182,112)	(196,290)
Total contributions receivable, net	$ 1,260,053	$ 1,461,019

A discount rate of 3% applies to the promised use of facilities.

As of December 31, 2025, contributions receivable were expected to be collected as follows:

	Other Contributions Receivable	Promised Use of Facilities	Total
Less than one year	$ 371,181	$ 175,581	$ 546,762
One to five years	-	747,324	747,324
More than five years	-	148,079	148,079
Gross contributions receivable	371,181	1,070,984	1,442,165
Less: unamortized discount	-	(182,112)	(182,112)
Total contributions receivable, net	$ 371,181	$ 888,872	$ 1,260,053

Note 5 – Contributions Receivable (Continued)

Promised Use of Facilities

In October 2021, the Center executed a ten-year facility-use agreement with the Sacramento City Unified School District whereby the Center receives the use of a building, parking lot, and farm area in Sacramento, California at no cost. The agreement term may be extended by written mutual consent of the parties.

The promised use of facilities is recorded as contributions receivable and donor-restricted support at present value. The remaining receivable represents the present value of future donated facility use, and the related donor restriction is released as the related future use periods are satisfied. Discount amortization is recognized as contribution revenue over the term of the arrangement. Ending net assets with donor restrictions include the remaining present value of future facility use not yet satisfied.

The Center recognized donated facilities expense of $171,297 and $167,118 for the years ended December 31, 2025 and 2024, respectively. The Center also recognized discount amortization of $14,178 and $9,234, respectively, as contribution revenue related to the promised use of facilities.

Note 6 – Property and Equipment

Property and equipment consisted of the following as of December 31, 2025 and 2024

	2025	2024
Furniture and equipment	$ 39,065	$ 39,065
Leasehold improvements	73,070	73,070
Less: accumulated depreciation	(30,923)	(16,922)
Total property and equipment, net	$ 81,212	$ 95,213

Depreciation expense was $14,001 and $12,046 for the years ended December 31, 2025 and 2024, respectively.

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2025 and 2024:

	2025	2024
Subject to expenditure for a specified purpose:		
Oak Park Farmers Market program	$ 25,388	$ 64,381
Robla USD food literacy program	10,350	-
Expansion of afterschool programs	60,000	-
Subtotal purpose restrictions	95,738	64,381
Subject to the passage of time:		
Promised future use of SCUSD facilities	888,872	1,045,991
Restricted for future years' operations	-	35,000
Subtotal time restrictions	888,872	1,080,991
Total net assets with donor restrictions	$ 984,610	$ 1,145,372

Note 7 – Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by satisfying time restrictions through the passage of time or use of promised facilities, or by the occurrence of other events specified by donors, as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Purpose restrictions satisfied	$ 64,381	$ 17,493
Time restrictions satisfied, including promised facility use	192,119	457,881
Total net assets released from restrictions	$ 256,500	$ 475,374

Contributions for which donor restrictions were met in the same reporting period are reported as support without donor restrictions in accordance with the Center's accounting policy and are not included in releases from restriction.

Note 8 – Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the statement of activities are as follows for the years ended December 31, 2025 and 2024:

2025	Food Literacy Program	Management and General	Fundraising	Total
Donated food	$ 34,814	$ -	$ -	$ 34,814
Donated services	19,442	3,306	10,908	33,656
Donated supplies	4,039	-	851	4,890
Total contributed nonfinancial assets	$ 58,295	$ 3,306	$ 11,759	$ 73,360

2024	Food Literacy Program	Management and General	Fundraising	Total
Donated food	$ 56,746	$ -	$ -	$ 56,746
Donated services	-	105	7,746	7,851
Donated supplies	3,790	-	-	3,790
Total contributed nonfinancial assets	$ 60,536	$ 105	$ 7,746	$ 68,387

The promised use of facilities is disclosed separately in Note 5. Because the promised use of facilities was recognized as a contribution receivable and donor-restricted support when the arrangement commenced, it is not included in the table above for current-year contributed nonfinancial assets recognized.

Donated food and supplies are valued using estimated U.S. wholesale prices or other available market pricing for identical or similar products using a "like-kind" methodology considering the goods' condition and utility for use at the time of donation. Donated food and supplies are used in program and supporting services. Donated services, such as photography and graphic design performed by professionals, are recognized at fair value based on current rates for similar services and are used for program services and supporting services, as applicable.

All contributed nonfinancial assets included in the tables above during the years ended December 31, 2025 and 2024 were received without donor restrictions. None of these assets were monetized; all were used in operations during the year received.

Note 9 – Retirement Plan

The Center sponsors a SIMPLE IRA defined contribution retirement plan covering all employees. The Center matches employee contributions up to 3% of eligible compensation. Employer contributions to the plan were $21,264 and $19,323 for the years ended December 31, 2025 and 2024, respectively.

Note 10 – Concentrations

For the year ended December 31, 2025, approximately 49% of the Center's total revenue and support was provided by three funding sources. In addition, approximately 58% of the Center's contributions receivable balance (not including the promised use of facilities) as of December 31, 2025, was due from one funding source.

For the year ended December 31, 2024, approximately 51% of the Center's total revenue and support was provided by four funding sources. In addition, approximately 76% of the Center's contributions receivable balance (not including the promised use of facilities) as of December 31, 2024, was due from one funding source.

Note 11 – Commitments and Contingencies

The Center has been awarded certain grants and contracts that are subject to financial and compliance requirements of the grantors or their representatives. The amount, if any, of expenses that may be disallowed by the granting agencies cannot be determined at this time; however, management does not expect such amounts, if any, to materially affect the financial statements. Management is not aware of any other commitments or contingencies that would have a material effect on the financial statements.

Note 12 - Subsequent Events

Management has evaluated subsequent events through August 21, 2026, the date the financial statements are available to be issued.

Subsequent to year-end, the Center continued implementation of the Board-approved wind-down of the Oak Park Farmers Market following the 2025 market season. The decision was based on strategic and operational considerations, including long-term financial sustainability and alignment of organizational resources with the Center's core school-based food literacy programs. Management evaluated the impact of the wind-down, including remaining program obligations, restricted funding, and outstanding liabilities, and determined that no adjustment to the December 31, 2025 financial statements was required.

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THE PUN GROUP
ACCOUNTANTS & ADVISORS

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August 21, 2026

To the Board of Directors and Management
of Food Literacy Center
Sacramento, California

We have audited the financial statements of Food Literacy Center (the "Center") for the year ended December 31, 2025, and we will issue our report thereon dated August 21, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated March 20, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended December 31, 2025.

Certain prior-year summarized comparative amounts were reclassified to conform to the current-year financial statement presentation. These reclassifications included the presentation of Oak Park Farmers Market fiscal sponsor and pass-through fees, the classification of certain program, campaign, and special event activity, and the classification of net assets with donor restrictions between purpose and time restrictions. The reclassifications had no effect on the previously reported change in net assets, total net assets with donor restrictions, or total net assets.

We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimates of the cost allocation between program and supporting services are based on estimated time and effort, space usage, and other factors.

- Management estimates the fair value and functional allocation of contributed nonfinancial assets based on current rates for similar goods, services, and facilities.

- Management's estimate of the present value of promised facility use is based on the remaining term of the facility-use agreement and the discount rate applied to future donated facility use.

We evaluated the methods, significant assumptions, and data used to develop these estimates and determined that they are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 2 – Summary of Significant Accounting Policies
- Note 3 – Liquidity and Availability
- Note 5 – Contributions Receivable
- Note 7 – Net Assets with Donor Restrictions
- Note 8 – Contributed Nonfinancial Assets
- Note 10 – Concentrations
- Note 12 – Subsequent Events

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that our audit procedures did not identify any current-year misstatements requiring proposed adjustment or reclassification under our materiality considerations.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 21, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Center's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During 2025, the Center completed a nonrecurring $50,000 reimbursement and repayment transaction with the City of Sacramento related to the Oak Park Farmers Market. The transaction replaced previously recognized City funding with State pass-through funding. We evaluated the business purpose and accounting for the transaction and noted no duplicate revenue or expense, residual balance, or other material financial statement effect.

The audit also included consideration of the Board-approved wind-down of the Oak Park Farmers Market following the 2025 market season. Closure activities, including communications with funders and evaluation of remaining funding and obligations, continued after year-end. We evaluated the related accounting and financial statement disclosure considerations and noted no matters requiring adjustment to the financial statements or modification of our auditor's report.

This information is intended solely for the use of the board of directors and management of the Center and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

The Pun Group, LLP

Sacramento, California