

**BERKELEY FOOD NETWORK
BERKELEY, CALIFORNIA**

**FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORT**

JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Berkeley Food Network
Berkeley, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Berkeley Food Network, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 present fairly, in all material respects, the financial position of Berkeley Food Network as of June 30, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Berkeley Food Network 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 opinions.

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 Berkeley Food Network'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 and *Government 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 and *Government 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 Berkeley Food Network'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 Berkeley Food Network's ability to continue as a going concern for a reasonable period of time.

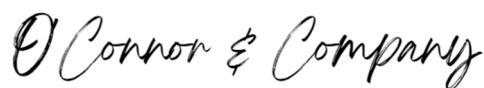
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2025, on our consideration of Berkeley Food Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Berkeley Food Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Berkeley Food Network's internal control over financial reporting and compliance.



O'Connor & Company

Novato, California
July 8, 2025

Berkeley Food Network
STATEMENTS OF FINANCIAL POSITION
June 30, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$ 271,662
Accounts receivable	4,394
Food inventory	<u>30,612</u>
Total current assets	<u>306,668</u>

Non-current assets:

Property and equipment, net of accumulated depreciation	<u>139,442</u>
Total non-current assets	<u>139,442</u>

Total current assets	<u>\$ 446,110</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 11,400
Accrued salaries and payroll taxes	776
Compensated absences	<u>12,750</u>
Total current liabilities	<u>24,926</u>

Net assets:

Without donor restrictions	
Undesignated	<u>390,572</u>
Total without donor restrictions	<u>390,572</u>

With donor restrictions

Restricted food donations	<u>30,612</u>
Total with donor restrictions	<u>30,612</u>
Total net assets	<u>421,184</u>

Total liabilities and net assets	<u>\$ 446,110</u>
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The accompanying notes are an integral part of these financial statements.

Berkeley Food Network
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
Revenues:			
Grant revenue	\$ 436,000	\$ -	\$ 436,000
Contributions - financial assets	686,629	-	686,629
Contributions - non financial assets	3,574,043	30,612	3,604,655
Other revenue	650	-	650
Total revenue	<u>4,697,322</u>	<u>30,612</u>	<u>4,727,934</u>
Expenses:			
Program services:			
Program	<u>4,327,823</u>	<u>-</u>	<u>4,327,823</u>
Subtotal program services	<u>4,327,823</u>	<u>-</u>	<u>4,327,823</u>
Supportive services:			
Management and general	111,260	-	111,260
Fundraising	<u>91,870</u>	<u>-</u>	<u>91,870</u>
Subtotal support expenses	<u>203,130</u>	<u>-</u>	<u>203,130</u>
Total expenses	<u>4,530,953</u>	<u>-</u>	<u>4,530,953</u>
Change in net assets	166,369	30,612	196,981
Net assets, beginning of period	<u>224,203</u>	<u>-</u>	<u>224,203</u>
Net assets, end of period	<u>\$ 390,572</u>	<u>\$ 30,612</u>	<u>\$ 421,184</u>

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

Berkeley Food Network
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

		<u>Supportive Services</u>		
	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total 2024</u>
Expenses:				
Salary and wages	\$ 489,211	\$ 46,460	\$ 52,267	\$ 587,938
Employee benefits	60,497	5,830	6,560	72,887
Payroll taxes	34,785	3,353	3,772	41,910
Professional services	10,125	44,337	9,979	64,441
Outreach	274	26	30	330
Program costs related to food	11,534	-	-	11,534
Supplies	5,512	119	135	5,766
Information technology	9,536	2,931	2,260	14,727
Communication	4,630	446	502	5,578
Occupancy	98,000	1,000	1,000	100,000
Utilities	66,975	684	683	68,342
Equipment	8,032	159	178	8,369
Repairs and maintenance	11,226	-	-	11,226
Insurance	7,167	3,366	-	10,533
Training and conferences	859	-	-	859
Food	3,467,625	-	-	3,467,625
Depreciation	39,925	408	407	40,740
Miscellaneous	1,910	2,141	14,097	18,148
Total expenses	<u>\$ 4,327,823</u>	<u>\$ 111,260</u>	<u>\$ 91,870</u>	<u>\$ 4,530,953</u>

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

Berkeley Food Network
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2024

	<u>2024</u>
Cash flows from operating activities:	
Changes in net assets	\$ 196,981
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	40,740
Changes in certain assets and liabilities:	
Accounts receivable	2,254
Food inventory	(30,612)
Accounts payable	(23,816)
Accrued salaries and payroll taxes	(1,202)
Accrued vacation	<u>11,869</u>
Net cash provided (used) by operating activities	<u>196,214</u>
Cash flows from financing activities:	
Payments made on notes payable	<u>(21,000)</u>
Net cash provided (used) by financing activities	<u>(21,000)</u>
Net increase (decrease) in cash during the period	175,214
Cash and cash equivalents balance, beginning of period	<u>96,448</u>
Cash and cash equivalents balance, end of period	<u>\$ 271,662</u>

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

Berkeley Food Network
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - GENERAL

A. Organization

The Berkeley Food Network, (BFN) seeks to end hunger and poor nutrition by using innovative, community-centered solutions to build a more sustainable, resilient, and equitable food system.

BFN was founded in 2016 to redesign hunger relief around grassroots partnerships. Before launching, BFN's founders spent a year listening to community-based organizations in Berkeley and Albany to better understand the local landscape of food insecurity. These relationships laid the groundwork for our impact today; collaborating with partner agencies who are deeply engaged with communities in need to design and deliver services that maximize dignity, respect, and choice for the people we support.

Anchored by our West Berkeley warehouse, our sourcing and distribution programs aim to get high-quality, healthy food to people in need. We operate several direct food assistance programs and serve as a hub for dozens of community-based organizations to shop for food for their pantries and meal programs. Altogether, we support 6,500 community members a week with healthy, no-cost food.

9th Street Pantry

Located at our West Berkeley Warehouse, the 9th Street Pantry is our largest pantry distribution supporting approximately 1,000 households a week. Its innovative grocery store layout demonstrates BFN's commitment to promoting individual choice in food assistance.

Neighborhood Pantries

Many experience transportation barriers or other challenges excluding them from accessing our 9th Street Pantry. We collaborate with community organizations to bring food closer to them through our Neighborhood Pantry Program.

BFN volunteers work alongside students and volunteers from our community partner organizations to run a series of private and public farmers' market-style pantries in high-need neighborhoods.

The Home Delivery Program supports Berkeley residents experiencing time, mobility, and transportation challenges who cannot attend our regularly scheduled pantries. Our bi-weekly grocery box deliveries contain seasonal produce, rotating shelf-stable pantry items, and, when available, bread, milk, eggs, and protein.

This program is at the heart of our values. We believe it is essential to consider the individual needs and abilities of those we support, to put effort into meeting them, and to leverage community partnerships to create lasting impact.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of BFN are prepared on the accrual basis of accounting and, therefore, include support and revenues when earned and expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of a period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*.

Berkeley Food Network
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

The guidance also enhances disclosures for board designated amounts, compositions of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative and quantitative information about the liquidity and availability of financial assets to meet general expenditures within one year of the balance sheet date, and expenses by both their natural and functional classification, including methods used to allocate costs among program and support functions and underwater endowments.

C. Description of Net Assets

Without Donor Restrictions is defined as that portion of net assets that has no use or time restrictions. BFN's bylaws include a variance provision giving the Board of Directors the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board of Directors (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Based on that provision, BFN classifies contributions, except as noted below, as without donor restriction for financial statement presentation.

With Donor Restrictions is defined as that portion of net assets that consists of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, including irrevocable planned gifts, which are scheduled to be received more than one year in the future, are recorded at fair value, classified as with donor restrictions until the funds are received, and are discounted at a rate commensurate with the risks involved. Net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes are classified as with donor restrictions. The accumulation of assets, above historic gift value, in donor restricted endowment funds is classified as with donor restrictions until appropriated for use based on the BFN's spending policy. BFN also receives grants from charitable foundations and local agencies for initiatives and special projects for which purpose restrictions apply. Such grants and contributions are recorded as with donor restriction until the purpose restrictions are met. When the purpose restriction is accomplished, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported as net assets released from restrictions.

D. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and short-term marketable securities with a maturity of three months or less.

E. Allocation of Expenses

BFN charges directly identifiable expenditures to program services. Expenses related to more than one function are charged to program services on the basis of periodic time and expense studies. BFN's employees will track their time spent on each program (Food, as well as other local state, county and city programs) and this will determine a percentage of how to allocate expenses including human resources, information technologies, occupying and maintaining facilities, to each specific program. Administration services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of BFN.

Berkeley Food Network
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Accounts Receivable

Accounts receivable for the year ended June 30, 2024 was \$4,394. BFN has not accrued a loss for allowances for uncollectible receivables at June 30, 2024 since it is the opinion of management that it is highly probable that all receivables will be collected. BFN will accrue an allowance for credit losses when management considers that the receivables cannot be fully collected. This is based on previous experience and management's analysis and assurances made by the staff. No provision for uncollectible receivables is reserved at June 30, 2024.

G. Inventory

A substantial amount of food is donated to the BFN. The value of food is at its estimated fair market value. BFN estimates the value of their contributed foods mix for the year ended June 30, 2024 as follows:

<u>Funding Partner</u>	<u>Est. price/lbs.</u>
ACCFB	\$1.97
USDA	\$1.74
Ancient Organics	\$15.12
Clover Sonoma	\$1.62
Fra'Mani Hand Crafted Foods	\$11.16
Hodo, Inc.	\$8.40
Rancho Siempre Verde Farms	\$1.93
S.J. Distributors LLC	\$1.29

Food Inventory at June 30, 2024 is determined by the weight of food on hand, as determined through physical counts and weights. Contributed food inventory balance at year end for June 30, 2024 was \$30,612.

H. Fixed Assets

Fixed assets purchased by BFN are recorded at cost. BFN capitalizes all expenditures for property and equipment over \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Machinery & Equipment	5-15 years
Vehicles	5 years
Leasehold improvements	15 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

I. Right of Use Assets

BFN may have to record right of use assets. These assets consist of the right of use of the food storage warehouse for operation and administrative purposes. The related leases are discussed in Note 8. The right of use assets are amortized on a straight-line basis over the terms of the related leases.

Berkeley Food Network
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Right of Use Assets (concluded)

It is BFN's pending policy to capitalize leases with initial values in excess of \$40,000. Leases are recorded at the initial cost and are subject to adjustment based on changes in agreements.

J. Leases

BFN recognizes a right of use asset and a lease liability on the statement of net position at the commencement of the lease term. At the commencement of a lease, BFN initially measures the lease liability at the present value of the payments expected to be paid during the lease terms. Subsequently, the lease liability is reduced by the principal portion of lease payments paid. The right of use asset is initially measured as the initial amount of the lease payable, adjusted for lease payments paid at or before the lease commencement date. Subsequently, the right of use asset is amortized on a straight-line basis over the life of the lease term.

Key estimates and judgments include how BFN determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- BFN uses their incremental borrowing rate of 4.75% to discount leases.
- The lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are provided in the lease agreement.

BFN monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability and right of use asset if certain changes occur that are expected to significantly affect the amount of the lease payable.

K. Accrued Vacation

Accumulated unpaid employee vacation benefits are recognized as liabilities of BFN. The amount of accumulated vacation for the year ended June 30, 2024 was \$12,750.

L. Revenue Recognition

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to BFN. Contributions restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction with donor restrictions is released in the same reporting period in which the support is received. All other contributions with donor restrictions are reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions.

Government grants and revenue are recognized when BFN incurs expenditures related to the required services. Amounts billed or received in advance are recorded as contract advances and deferred revenue until the related services are performed. Amounts due to BFN for services performed at June 30, 2024 are included in accounts receivable.

When a 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.

M. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by BFN.

Berkeley Food Network
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fundraising Expenses

Fundraising expenses are recognized when incurred, regardless of the campaign year to which they relate.

O. Concentration of Funding and Credit Risk

During the year ended June 30, 2024, BFN received \$3,498,237, or 76.24% of total revenues of its funding from food commodities. In accordance with government regulations, all of BFN's government contracts are subject to termination for the convenience of the government. Costs incurred under cost reimbursement contracts are also subject to audit by the government. Possible loss of funding or disallowed costs could have a significant impact on BFN's future financial statements and research projects.

P. Contingency

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. BFN deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of BFN to the provisions of the grants. It is management's opinion that BFN has complied with the terms of all grants.

Q. Pervasiveness of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

R. Risk Management

BFN is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters, which are covered by commercial insurance.

S. Accounting Pronouncements

ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, for entities other than public business entities, effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. BFN is currently evaluating the impact of this statement on its financial statements.

ASU 2022-04, *Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*, effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the roll forward requirement, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. BFN is currently evaluating the impact of this statement on its financial statements.

ASU 2022-05, *Financial Services-Insurance (Topic 944): Transition for Sold Contracts*, effective date is for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025, which is consistent with ASU 2020-11. BFN is currently evaluating the impact of this statement on its financial statements.

Berkeley Food Network
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

S. Accounting Pronouncements (concluded)

ASU 2023-02, *Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a consensus of the Emerging Issues Task Force)*, for entities other than public business entities, the amendments are effective for fiscal years beginning after December 15, 2024, including interim periods in such years. BFN is currently evaluating the impact of this statement on its financial statements.

ASU 2023-05, *Business Combinations-Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement*, effective prospectively for joint venture formations dated on or after January 1, 2025. BFN is currently evaluating the impact of this statement on its financial statements.

NOTE 3 - INCOME TAXES

BFN is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. BFN is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation code and, therefore, has made no provision for Federal or California income taxes. In addition, BFN has been determined by the Internal Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

BFN adopted ASC 740-10, *Accounting for Uncertainty in Income Taxes*; the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

BFN has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. BFN believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on BFN's financial condition, results of operations or cash flows. Accordingly, BFN has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2024. BFN is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash balances as of June 30, 2024:

Unrestricted:	2024
Mechanics Bank	\$ 271,371
Petty cash	291
Total unrestricted cash and cash equivalents	<u>271,662</u>
Total cash and cash equivalents	<u>\$ 271,662</u>

The corresponding current bank balance is in excess of the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

Berkeley Food Network
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - FIXED ASSETS

Fixed assets activity for the year ended June 30, 2024 was as follows:

	Balance 7/1/23	Additions	Disposals	Balance 6/30/24
Capital assets, being depreciated:				
Vehicles	\$ 105,633	\$ -	\$ -	\$ 105,633
Building improvements	101,311	-	-	101,311
Machinery & Equipment	<u>97,180</u>	-	-	<u>97,180</u>
Total capital assets, being depreciated	<u>304,124</u>	-	-	<u>304,124</u>
Less accumulated depreciation for:				
Vehicles	(61,456)	(21,130)	-	(82,586)
Building improvements	(26,001)	(6,760)	-	(32,761)
Machinery & Equipment	<u>(36,485)</u>	<u>(12,850)</u>	-	<u>(49,335)</u>
Total accumulated depreciation	<u>(123,942)</u>	<u>(40,740)</u>	-	<u>(164,682)</u>
Total fixed assets being depreciated – net	<u>180,182</u>	<u>(40,740)</u>	-	<u>139,442</u>
Fixed assets – net	<u>\$ 180,182</u>	<u>\$ (40,740)</u>	<u>\$ -</u>	<u>\$ 139,442</u>

Depreciation expense for the year ended June 30, 2024 was \$40,740.

NOTE 6 - CONTRIBUTIONS OF NON-FINANCIAL ASSETS

For the year ended June 30, 2024, contributed nonfinancial assets recognized within the statement of activities include:

	Revenue Recognized	Program Utilization	Donor Restrictions	Valuation
Food Commodities	\$ 2,727,533	TEFAP – State and local funding sources	With donor restrictions in the amount of \$21,605	Estimated fair value based on price per pound agreed upon by funder and BFN.
Food Commodities	770,704	TEFAP – Federal funding sources - USDA	With donor restrictions in the amount of \$9,007	Estimated fair value based on price per pound agreed upon by funder and BFN.
Food Bank Warehouse lease	100,000	Program and Administrative occupancy of Food Distribution Warehouse	No associated donor restrictions	Estimated fair value based on provided lease agreement with the City of Berkeley.
Warehouse furniture	4,690	Program and Administrative occupancy of Food Distribution Warehouse	No associated donor restrictions	Estimated fair value based on replacement costs.
2 pallets of 1,200 boxes	<u>1,728</u>	TEFAP – All funding sources	No associated donor restrictions	Estimated fair value based on provided vendor service invoices.
Total	<u>\$ 3,604,655</u>		<u>\$ 30,612</u>	

Berkeley Food Network
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Donor imposed restrictions are contributions utilized for a particular program, purpose or geographical location, usually providing for the purchase or acquisition of client services.

Net assets with donor restrictions as of June 30, 2024 were available for the following purposes:

	Beginning Balance	Earnings	Releases	Ending Balance
Subject to Spending Policy & Appropriation				
Food Inventory – state and local donations	\$ -	\$ 21,605	\$ -	\$ 21,605
Food Inventory - USDA	-	9,007	-	9,007
Total	<u>\$ -</u>	<u>\$ 30,612</u>	<u>\$ -</u>	<u>\$ 30,612</u>

NOTE 8 - LEASE COMMITMENT

BFN entered into an operating lease for 1001 University Ave, CA Berkeley with the City of Berkeley, a California municipal corporation. This lease commenced on September 1, 2019, and terminated on August 31, 2022, with two one-year options to extend. Base rent is \$36 to be prepaid on or before the effective date. The City of Berkeley has provided the fair market value of the space as contributions in-kind to BFN in the amount of \$100,000 annually. Total occupancy expenses for the years ended June 30, 2024 were \$100,000.

BFN's current lease term expired August 31, 2024; BFN is currently in negotiations with the City of Berkeley to convert the lease agreement for the 1001 University Ave, CA Berkeley property into a license agreement. As of the report date, this transition is still pending.

NOTE 9 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects BFN's financial assets as of June 30, 2024, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and other reserves that could be drawn upon if the governing board approves that action.

	2024
Cash and cash equivalents	\$ 271,662
Investments	4,394
Accounts receivable	<u>30,612</u>
Total financial assets	306,668
Less with donor restrictions:	
Restricted food donations	<u>(30,612)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 276,056</u>

BFN has \$276,056 of financial resources available within one year of the balance sheet date to meet cash needs for general expenditures. Accounts receivable is subject to implied time restrictions but is expected to be collected within one year.

BFN has a goal to maintain financial assets, which consist of cash, on hand to meet 60 days of normal operating expenses. BFN has a policy (pending approval) to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Berkeley Food Network
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 10 - RETIREMENT PLAN

BFN has adopted a 403(b) retirement plan. Eligible employees may elect to defer a portion of their annual compensation up to the maximum allowed by the Internal Revenue Code. Substantially all employees are eligible to participate. BFN is not required to contribute to the plan. No employer contributions were made to the plan during the year ended June 30, 2024.

NOTE 11 - RELATED PARTY TRANSACTIONS

BNF receives individual financial contributions for unrestricted operational costs from each member of the board of directors. During the fiscal year ended June 30, 2024, BFN received \$114,897 in individual financial contributions provided by the board of directors.

NOTE 12 - SUBSEQUENT EVENTS

BFN's management has evaluated its subsequent events through July 8, 2025, the date the financial statements were available to be issued.

Berkeley Food Network
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2024

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing No.</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>			
<u>Passed through Alameda County Community Food Bank:</u>			
Food Distribution Cluster:			
Emergency Food Assistance Program (Food Commodities)**	10.569	FY 2023-24	\$ <u>761,697</u>
Subtotal for Food Distribution Cluster			<u>761,697</u>
Total U.S. Department of Agriculture			<u>761,697</u>
Total federal awards			<u>\$ 761,697</u>

** Major Program

Berkeley Food Network
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Berkeley Food Network and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The amounts reported in the accompanying Schedule of Expenditures of Federal Awards (SEFA) agree, in all material respects, to amounts reported within Berkeley Food Network's financial statements.

NOTE 2 - FEDERAL ASSISTANCE LISTING NUMBER

The Federal Assistance Listing Numbers included in the accompanying SEFA were determined based on the program name, review of the award contract, and the Office of Management and Budget's Federal Assistance Listing Numbers.

NOTE 3 - INDIRECT COSTS

Berkeley Food Network elected not to use the 10% de minimis cost rate as covered in the Uniform Guidance Part 200.414 Indirect (F&A) Costs.

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying SEFA agree or can be reconciled with amounts reported in the related federal financial assistance reports.

NOTE 5 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying SEFA agree or can be reconciled with amounts reported in Berkeley Food Network's financial statements.

NOTE 6 - PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the SEFA shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, Berkeley Food Network determined that no identifying number is assigned for the program or Berkeley Food Network was unable to obtain an identifying number from the pass-through entity and the identifying number is shown as unknown.

NOTE 7 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 8 - NON-FINANCIAL EXPENDITURES

Berkeley Food Network reported \$761,697 in non-financial expenditures on the accompanying SEFA pertaining to federal listing number: 10.569 TEFAP Allocation within the Food Distribution Cluster.

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Berkeley Food Network
Berkeley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Berkeley Food Network (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated July 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Berkeley Food Network's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Berkeley Food Network's internal control. Accordingly, we do not express an opinion on the effectiveness of Berkeley Food Network's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

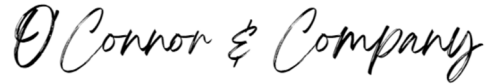
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berkeley Food Network's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "O'Connor & Company". The script is cursive and fluid, with the "O" being particularly large and stylized.

O'Connor & Company

Novato, California
July 8, 2025

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

Board of Directors
Berkeley Food Network
Berkeley, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Berkeley Food Network's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Berkeley Food Network's major federal programs for the year ended June 30, 2024. Berkeley Food Network's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Berkeley Food Network complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Berkeley Food Network and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Berkeley Food Network's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Berkeley Food Network's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Berkeley Food Network's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Berkeley Food Network's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Berkeley Food Network's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Berkeley Food Network's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Berkeley Food Network's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

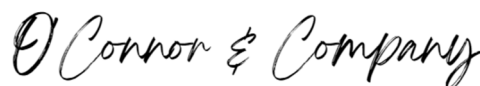
Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



O'Connor & Company

Novato, California
July 8, 2025

Berkeley Food Network
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Section I – Summary of Auditors' Results

1. Type of auditors' report issued: unmodified
2. Internal control over financial reporting:
 - A. Material weakness(es) identified? no
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? none reported
 - C. Noncompliance material to financial statements noted? no
3. Internal control over major programs:
 - A. Material weakness(es) identified? no
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? none reported
 - C. Type of auditors' report issued on compliance for major programs: unmodified
 - D. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? no
4. Audited as Major Programs:

<u>FALN</u>	<u>Program Name</u>	<u>Expenditures</u>
10.569	Emergency Food Assistance Program (Food Commodities)	\$761,697
5. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
6. Auditee qualified as a low-risk auditee? no

Section II – Financial Statement Findings

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs.

STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS

Recommendation

Status/Explanation

There were no prior year findings or recommendations.