

THE CERES COMMUNITY PROJECT

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Ceres Community Project
Sebastopol, California

Opinion

We have audited the accompanying financial statements of The Ceres Community Project (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years 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 Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Organization'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

To the Board of Directors of
The Ceres Community Project

omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 Organization'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 Organization'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 schedule of expenses - including the fair value of non-professional volunteer services 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 audits 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Miller Kaplan Arase LLP

MILLER KAPLAN ARASE LLP

San Francisco, California

March 30, 2023

THE CERES COMMUNITY PROJECT
STATEMENTS OF FINANCIAL POSITION

ASSETS	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash	\$ 2,093,682	\$ 2,818,930
Accounts Receivable	380,234	238,245
Inventory	106,221	106,592
Prepaid Expenses and Deposits	59,445	37,831
Capitalized Technology Costs, Net	92,824	107,647
Right-of-Use Lease Assets, Net	219,290	-
Property and Equipment, Net	<u>1,500,023</u>	<u>1,008,440</u>
TOTAL ASSETS	<u>\$ 4,451,719</u>	<u>\$ 4,317,685</u>
LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 108,228	\$ 49,998
Accrued Expenses and Other Liabilities	170,974	130,661
Deferred Grant Revenues	42,146	-
Lease Obligations, Net	208,790	-
Long-Term Debt	<u>316,985</u>	<u>330,844</u>
TOTAL LIABILITIES	<u>847,123</u>	<u>511,503</u>
NET ASSETS		
Without Donor Restrictions	3,444,160	3,611,362
With Donor Restrictions	<u>160,436</u>	<u>194,820</u>
TOTAL NET ASSETS	<u>3,604,596</u>	<u>3,806,182</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,451,719</u>	<u>\$ 4,317,685</u>

THE CERES COMMUNITY PROJECT
STATEMENTS OF ACTIVITIES

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021		
	Without		Total	Without		Total
	Donor Restrictions	With Donor Restrictions		Donor Restrictions	With Donor Restrictions	
REVENUE AND SUPPORT						
Contributions:						
Individuals	\$ 1,429,123	\$ 52,500	\$ 1,481,623	\$ 2,179,439	\$ 100,800	\$ 2,280,239
Foundations	559,963	133,400	693,363	546,477	65,000	611,477
Businesses and Organizations	226,896	-	226,896	238,615	8,125	246,740
Capital Campaign	-	10,000	10,000	-	-	-
In-Kind Contributions	281,078	-	281,078	472,985	-	472,985
Special Events, Net	269,826	-	269,826	216,857	-	216,857
Government Grant Income	290,861	-	290,861	569,261	-	569,261
Contract Revenue	798,924	-	798,924	388,004	-	388,004
Sale of Food Products	167,247	-	167,247	151,039	-	151,039
Affiliate Licensing and Training Fees	44,988	-	44,988	55,181	-	55,181
Community Outreach Revenue	13,255	-	13,255	90,082	-	90,082
Other Income	29,196	-	29,196	7,197	-	7,197
Net Assets Released From Restrictions	230,284	(230,284)	-	121,258	(121,258)	-
	<u>4,341,641</u>	<u>(34,384)</u>	<u>4,307,257</u>	<u>5,036,395</u>	<u>52,667</u>	<u>5,089,062</u>
TOTAL REVENUE AND SUPPORT						
EXPENSES						
Program Services:						
Meal Program - Sebastopol	1,408,375	-	1,408,375	1,084,328	-	1,084,328
Meal Program - Marin County	504,880	-	504,880	484,835	-	484,835
Meal Program - Santa Rosa	1,184,795	-	1,184,795	983,080	-	983,080
Community Outreach and Education	396,144	-	396,144	441,666	-	441,666
National Program	15,323	-	15,323	23,799	-	23,799
Total Program Services	<u>3,509,517</u>	<u>-</u>	<u>3,509,517</u>	<u>3,017,708</u>	<u>-</u>	<u>3,017,708</u>
Supporting Services:						
General and Administrative	526,565	-	526,565	473,062	-	473,062
Fundraising	472,761	-	472,761	358,352	-	358,352
Total Supporting Services	<u>999,326</u>	<u>-</u>	<u>999,326</u>	<u>831,414</u>	<u>-</u>	<u>831,414</u>
TOTAL EXPENSES	<u>4,508,843</u>	<u>-</u>	<u>4,508,843</u>	<u>3,849,122</u>	<u>-</u>	<u>3,849,122</u>
CHANGE IN NET ASSETS	<u>(167,202)</u>	<u>(34,384)</u>	<u>(201,586)</u>	<u>1,187,273</u>	<u>52,667</u>	<u>1,239,940</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,611,362</u>	<u>194,820</u>	<u>3,806,182</u>	<u>2,424,089</u>	<u>142,153</u>	<u>2,566,242</u>
NET ASSETS, END OF YEAR	<u>\$ 3,444,160</u>	<u>\$ 160,436</u>	<u>\$ 3,604,596</u>	<u>\$ 3,611,362</u>	<u>\$ 194,820</u>	<u>\$ 3,806,182</u>

(Attached notes are an integral part of this statements)

THE CERES COMMUNITY PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

EXPENSES	Program Services										Supporting Services				
	Meal Programs					Community Outreach					National Program	Total Programs	General and Administrative	Fundraising	Total
	Sebastopol	Marin County	Santa Rosa	Community Outreach	National Program	Sebastopol	Marin County	Santa Rosa	Community Outreach	National Program					
Salaries and Related Expenses	\$ 805,827	\$ 268,564	\$ 667,223	\$ 301,927	\$ 14,581	\$ 2,058,122	\$ 350,876	\$ 351,075	\$ 2,760,073						
Food, Packaging and Supplies	302,028	151,452	305,487	51	-	759,018	660	-	759,678						
Facilities and Equipment Expenses	195,124	49,839	129,742	9,390	249	384,344	12,623	10,275	407,242						
Technology and Telephone	39,250	16,679	39,167	15,748	96	110,940	33,014	13,318	157,272						
Program Expenses	12,566	2,606	8,914	1,700	-	25,586	1,443	(766)	26,263						
Professional Fees	25,928	12,334	24,829	20,151	-	83,242	56,316	15,359	154,917						
Capital Campaign Expenses	-	-	-	-	-	-	-	-	63,250						
Insurance	-	-	-	-	-	-	29,291	51	29,342						
Marketing and Promotion	539	286	539	31,467	-	32,831	39	129	32,999						
Outside Services	7,044	824	3,619	780	-	12,267	9,124	780	22,171						
Banking and Processing Fees	877	578	1,229	718	-	3,402	11,602	17,937	32,941						
Office Expenses	4,516	1,194	2,343	10,584	-	18,637	10,770	899	30,306						
Interest Expense	13,253	-	-	-	-	13,253	2,673	-	15,926						
Travel and Meetings	1,623	524	1,703	3,628	397	7,875	8,134	454	16,463						
TOTAL EXPENSES	\$ 1,408,375	\$ 504,880	\$ 1,184,795	\$ 396,144	\$ 15,323	\$ 3,509,517	\$ 526,565	\$ 472,761	\$ 4,508,843						

(Attached notes are an integral part of this statements)

THE CERES COMMUNITY PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services									
	Meal Programs					Supporting Services				
	Sebastopol	Marin County	Santa Rosa	Community Outreach	National Program	Total Programs	General and Administrative	Fundraising	Total	
EXPENSES										
Salaries and Related Expenses	\$ 584,313	\$ 278,685	\$ 581,425	\$ 318,371	\$ 18,781	\$ 1,781,575	\$ 320,269	\$ 299,322	\$ 2,401,166	
Food, Packaging and Supplies	260,125	129,804	223,017	55	-	613,001	31	-	613,032	
Facilities and Equipment Expenses	148,720	50,621	122,830	12,174	1,152	335,497	9,795	12,804	358,096	
Technology and Telephone	34,323	18,545	31,202	21,176	1,948	107,194	44,102	24,690	175,986	
Program Expenses	9,117	2,152	7,716	41,892	-	60,877	-	-	60,877	
Professional Fees	10,312	330	2,683	7,947	-	21,272	44,939	9,225	75,436	
Insurance	-	-	-	-	-	-	22,125	-	22,125	
Marketing and Promotion	274	41	268	33,506	-	34,089	1,316	577	35,982	
Outside Services	15,740	2,461	6,268	2,176	139	26,784	2,346	1,946	31,076	
Banking and Processing Fees	1,730	-	1,131	340	15	3,216	15,233	7,671	26,120	
Office Expenses	3,955	1,259	4,599	2,945	706	13,464	8,388	2,117	23,969	
Interest Expense	13,653	-	-	720	-	14,373	3,083	-	17,456	
Travel and Meetings	2,066	937	1,941	364	1,058	6,366	1,435	-	7,801	
TOTAL EXPENSES	\$ 1,084,328	\$ 484,835	\$ 983,080	\$ 441,666	\$ 23,799	\$ 3,017,708	\$ 473,062	\$ 358,352	\$ 3,849,122	

(Attached notes are an integral part of this statements)

THE CERES COMMUNITY PROJECT
STATEMENTS OF CASH FLOWS

	December 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (201,586)	\$ 1,239,940
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization of Property and Equipment	104,866	102,288
Amortization of Capitalized Technology Costs	14,823	14,823
Amortization Expense Portion of Lease Expense	61,663	-
Repayments of Right-of-Use Lease Obligations	(72,163)	-
Donated Vehicles and Equipment	(14,929)	(135,000)
Contributions Restricted for Long-Term Purposes	(75,400)	-
Loss on Disposal of Property and Equipment	-	10,672
(Increase) Decrease in Current Assets:		
Accounts Receivable	(137,489)	(122,452)
Inventory	371	(47,932)
Prepaid Expenses and Deposits	(21,614)	6,436
Increase (Decrease) in Current Liabilities:		
Accounts Payable	58,230	9,333
Accrued Salaries and Wages	5,255	(5,563)
Accrued Paid Time Off	25,091	(4,073)
Other Current Liabilities	9,967	(3,505)
Deferred Grant Revenues	42,146	(10,000)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(200,769)	1,054,967
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Contributions Restricted for Long-Term Purposes	70,900	-
Proceeds from Sale of Vehicles and Equipment	-	125,000
Purchases of Property and Equipment	(581,520)	(14,772)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(510,620)	110,228
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Long-Term Debt	(13,859)	(20,741)
NET CASH (USED IN) FINANCING ACTIVITIES	(13,859)	(20,741)
CHANGE IN CASH	(725,248)	1,144,454
CASH, BEGINNING OF YEAR	2,818,930	1,674,476
CASH, END OF YEAR	\$ 2,093,682	\$ 2,818,930
SUPPLEMENTAL INFORMATION		
Interest Paid	\$ 15,926	\$ 17,456

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF THE ORGANIZATION

The Ceres Community Project (the "Organization") is a non-profit public benefit corporation incorporated in the state of California in 2008. Its administrative offices are located in Sebastopol, California with primary community kitchens located in Sebastopol, Santa Rosa, and Marin County, California.

The Organization's mission is to create health for people, communities, and the planet through love, healing food and empowering the next generation. Its approach includes: (1) supporting individuals dealing with serious and chronic illness with free and low-cost, delivered and nutrient-rich prepared meals, nutrition education, and a community of caring, (2) involving young people as volunteer gardeners and chefs, giving them direct, hands-on experience of the difference that fresh healthy foods and community make, and of their own capacity to contribute, (3) educating the broader community, including health professionals, about the connection between fresh, healthy food, strong social networks, healing and wellness, and (4) connecting people of all ages and from all walks of life to one another, and to their value as an integral part of the community.

The Organization delivers meals from their commercial kitchen locations to client families dealing with serious and chronic illnesses. The youth development program provides education in growing, preparing and eating healthy foods, work-ready skills and leadership. In addition, the Organization conducts educational programs on health and healing foods.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Organization have been prepared under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

B. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the period. Accordingly, actual results may differ from these estimates.

C. Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents, its tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Net Assets (Continued)

Net Assets With Donor Restrictions (Continued)

temporary in nature, and the restriction expires when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

Contributions of cash and other assets with donor stipulations that limit the use of the donated asset are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

The Organization's unspent contributions are included in this class if the donor limited its use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for the acquisition of building improvements or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

D. Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on cost reimbursement or performance grants and from unconditional promises to give that are expected to be received in less than one year. Management believes that all outstanding amounts receivable are fully collectible, and therefore, no allowance for uncollectible receivables has been provided.

E. Inventory

Inventory includes prepared meals, food, cookbooks and other goods. Inventory is stated at cost using the first-in, first out method.

F. Capitalized Technology Costs

Prepaid technology costs include capitalized implementation costs related to a service contract in a hosting environment. These costs are being amortized over the estimated life of the contract which has been determined to be 10 years.

G. Property and Equipment

Property and equipment is stated at cost or at estimated fair market value at the date of donation. The Organization capitalizes property and equipment at a cost or fair market value greater or equal to \$1,500. Depreciation and amortization is calculated using the straight-line method over the following estimated useful lives:

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property and Equipment (Continued)

	<u>Years</u>
Building and Improvements	5 - 40
Kitchen and Office Equipment	5 - 12
Computer Software	5 - 10
Vehicles	5

H. Revenue Recognition for Exchange Transactions

Contract and grants for the performance of services or the delivery of products are considered exchange transactions. Revenues from exchange transactions are recognized when products are delivered, services are performed or qualifying costs are incurred for cost-reimbursement contracts. Amounts received in advance are recorded as deferred revenue.

I. Revenue Recognition for Contributions

Contributions, including unconditional promises to give, are recognized when received. Amounts received that are restricted by the donor to use in future periods and other purpose restricted support is reported as an increase in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is received, unless the contribution is clearly intended to support activities of the current year.

Contributions which contain barriers and rights of return are considered conditional. Amounts received for conditional contributions are recorded as deferred grant revenues until the condition is met. Conditional promises, such as matching grants, are not recognized until the condition is met.

J. In-Kind Contributions and Expenses

Noncash donations are recorded as contributions at fair value at the date of donation. Donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

K. Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses are primarily charged directly to program or supporting service categories based on specific identification. Depreciation and amortization is allocated based on budgeted employee hours. Computer, telephone, internet, insurance and certain facility expenses are allocated based on square footage.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Additionally, advertising costs are expensed as incurred.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Income Taxes

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) and Section 23701d of the California Revenue and Taxation Code and, except for unrelated business income, is exempt from federal and state income tax. Therefore, no provision for federal or state income tax is made.

The Internal Revenue Service has determined that The Ceres Community Project is an Organization described in Sections 509(a)(1) and 170(b)(1)(A)(i) of the Internal Revenue Code, and contributions to the Organization are tax deductible to donors under Section 170. The Organization is not classified as a private foundation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

M. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported change in net assets.

N. Adoption of New Accounting Policies

In February 2016, the FASB issued ASU No. 2016-02 *Leases*, requiring organizations to recognize lease assets and lease liabilities on the statements of financial position and requiring disclosure of key information about leasing arrangements. The guidance is effective for periods beginning after December 15, 2021, with early adoption permitted. The Organization adopted this standard on January 1, 2022 and implementation resulted in a Right-of-Use Asset, Net of \$219,290 and Lease Obligations, Net of \$208,790 in the statement of financial position.

In September 2020, the FASB issued ASU No. 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofits to present and disclose contributed nonfinancial assets, or gifts-in-kind. The guidance is effective for periods beginning after June 15, 2021. The Organization adopted ASU 2020-07 effective January 1, 2022, and adoption of this standard had no effect on previously reported balances.

NOTE 3 - CONCENTRATION OF CREDIT RISK

During the years ended December 31, 2022 and 2021, the Organization had deposits with Exchange Bank which at times exceeded the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 per bank. The Organization has not incurred any losses on the uninsured balances and believes that the financial institution is credit worthy.

The Organization began holding excess funds in a financial services account at American Deposit Management (ADM) in 2020. At December 31, 2022 and 2021, \$1,519,078 and \$1,501,568, respectively, was held at ADM. ADM supports non-profit organizations and spreads cash balances among several high interest-bearing accounts at separate banks for FDIC insurance purposes. The Organization believes the overall exposure to be nominal.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use due to contractual or donor-imposed restrictions within one year.

Financial Assets at December 31, 2022:	
Cash	\$ 2,093,682
Account Receivable	380,234
Total Financial Assets at December 31, 2022	<u>2,473,916</u>
Less those Unavailable for General Expenditures	
Within One Year, Due to:	
Contractual or Donor-Imposed Restrictions:	
Restricted by Donor	<u>(160,436)</u>
Financial Assets Available to Meet Cash Needs from General Expenditures Within One Year	
	<u><u>\$ 2,313,480</u></u>
Financial Assets at December 31, 2021:	
Cash	\$ 2,818,930
Account Receivable	238,245
Total Financial Assets at December 31, 2021	<u>3,057,175</u>
Less those Unavailable for General Expenditures	
Within One Year, Due to:	
Contractual or Donor-Imposed Restrictions:	
Restricted by Donor	<u>(194,820)</u>
Financial Assets Available to Meet Cash Needs from General Expenditures Within One Year	
	<u><u>\$ 2,862,355</u></u>

The Organization had financial assets of \$2,313,480 and \$2,862,355 to meet cash needs for general expenditures as of December 31, 2022 and 2021, respectively, representing approximately 6 months of expenses at December 31, 2022 and approximately 9 months of expenses at December 31, 2021.

The Organization is substantially supported by contributions, government grants and program fees. Because donor restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In the event of an unanticipated liquidity need, the Organization could draw upon a \$200,000 line of credit of which \$200,000 was available at both December 31, 2022 and 2021 (as further discussed in Note 8).

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 - CAPITALIZED TECHNOLOGY COSTS

Capitalized technology costs consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Total Capitalized Technology Costs	\$ 148,050	\$ 148,050
Less Accumulated Amortization	<u>(55,226)</u>	<u>(40,403)</u>
Capitalized Technology Costs, Net	<u>\$ 92,824</u>	<u>\$ 107,647</u>

Amortization of capitalized technology costs totaling \$14,823 has been included in technology expenses in the years ended December 31, 2022 and 2021.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 265,400	\$ 265,400
Building and Improvements	850,967	759,384
Kitchen and Office Equipment	559,189	446,765
Assets Under Construction	315,241	-
Computer Software	77,940	77,940
Vehicles	<u>104,702</u>	<u>27,500</u>
Total Property and Equipment	2,173,439	1,576,989
Less: Accumulated Depreciation and Amortization	<u>(673,416)</u>	<u>(568,549)</u>
Property and Equipment, Net	<u>\$ 1,500,023</u>	<u>\$ 1,008,440</u>

Depreciation and amortization expense from property and equipment totaled \$104,866 and \$102,288 in the years ended December 31, 2022 and 2021, respectively.

In December 2021, the Organization's Board of Directors approved moving forward to explore developing a new facility for Ceres. The project is in response to 150% growth in service delivery during the pandemic leading to reaching capacity in meal production in the Organization's three small kitchens. As of December 31, 2022, the Organization has a 1.52 acre property under contract at 0 Apollo Way in Santa Rosa. Plans were submitted to the City of Santa Rosa in late October. The Organization expects to receive entitlements in 2023 and to purchase the property at that time. The Organization completed a capital campaign feasibility study and began fundraising in December 2022. The Organization hired a New Market Tax Credit consultant (NMTC) and expects to receive a NMTC allocation in late 2023.

NOTE 7 - LAND AND BUILDING LEASES

The Organization was a lessee in the following leases during the years ended December 31, 2022 and 2021.

Sebastopol, California

The Organization subleases office space with a fair value of \$3,800 in Sebastopol, California under a license agreement on a month-to-month basis at a discounted rate of \$3,000 per month. The discount totaled \$9,600 per year and has been included in in-kind contribution revenues and facilities and equipment expenses in the statement of activities and statement of functional expenses in the years ended December 31, 2022 and 2021.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 - LAND AND BUILDING LEASES (Continued)

Sebastopol, California (Continued)

The agreement also includes the use of adjacent land for the Ceres Community Garden as a donation to the Organization valued at \$1,500 per month as determined by the landlord and Organization. This land was used for the garden through April 2022. The estimated fair value of the land usage totaled \$6,000 and \$18,000 in the years ended December 31, 2022 and 2021, respectively, and has been included in in-kind contribution revenues and facilities and equipment expenses in the statement of activities and statement of functional expenses.

On January 1, 2022, Ceres Community Garden was moved to a separate location in Sebastopol, California occupying 1.5 acres of land under a lease for \$1 per year through December 31, 2026. The estimated fair value of the land usage totaled \$31,500 and has been included in in-kind contribution revenues and facilities and equipment expenses in the statement of activities and statement of functional expenses in the year ended December 31, 2022.

Santa Rosa, California

The Organization began meal operations in Santa Rosa, California in February 2016 in kitchen and garden property owned by Social Advocates for Youth. The Organization purchased kitchen, garden and office equipment to operate its meal program, while Social Advocates for Youth provides kitchen and office space. The Organization is required to reimburse the landlord for utilities. In January 2022, the Organization signed a lease agreement with Social Advocates for Youth to lease this space for \$5,000 per month through December 31, 2023, with options to extend for four additional two year terms.

Marin County, California

The Organization relocated its Marin County kitchen in June 2021, after signing a one year Kitchen Use Agreement with Greek Orthodox Church for shared use of a kitchen in Marin County for \$2,403 per month through June 30, 2022. In May 2022, the Organization signed a lease agreement commercial kitchen space in Marin County for \$3,448 per month through May 31, 2025. Rent was subsequently suspended due to the remodeling of the kitchen. The Organization continued the use of the Greek Orthodox church kitchen for the duration of the remodel through February 2023, at which time the Organization resumed its lease for commercial kitchen space in Marin County.

Rental expenses, including donated facilities, totaled \$173,008 and \$145,004 in the years ended December 31, 2022 and 2021, respectively. The fair value of donated facilities included in rental expenses totaled \$34,700 and \$61,200 for the years ended December 31, 2022 and 2021, respectively.

In accounting for leases on January 1, 2022, the Organization adopted ASU 2016-02 *Leases*, requiring a lessee to record a right-of-use asset and a corresponding lease liability at the inception of the lease, initially measured at the present value of the lease payments. The Organization classified the two leases: Santa Rosa Kitchen/Garden and the new Marin kitchen as operating leases and determined that the fair value of its operating leases at the inception of the leases totaled \$280,953 using discount rates of 1.04% and 2.84%, respectively. As of December 31, 2022, the lease liability was \$208,790, of which \$91,741 was current and \$117,049 was non-current. ASU 2016-02 requires recognition in the statements of operations of a single lease cost, calculated so that the cost of the leases are allocated over the lease term, generally on a straight-line basis. Rent expense for the year ended December 31, 2022 was \$63,448. During the year ended December 31, 2022, the Organization reflected amortization of right-of-use asset of \$61,663 related to the lease, resulting in a right-of-use, net balance of \$219,290 as of December 31, 2022.

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 - LAND AND BUILDING LEASES (Continued)

Maturities of the Organization's lease liabilities are as follows:

<u>Year ending</u>	
2023	\$ 94,480
2024	101,376
2025	17,240
	<u>213,096</u>
Less amount representing interest	<u>(4,306)</u>
Present Value of Lease Liabilities	<u>\$ 208,790</u>
Current Portion	<u>\$ 91,741</u>
Non-Current Portion	<u>\$ 117,049</u>

NOTE 8 - BANK LINE OF CREDIT

The Organization has a line of credit for \$200,000 with Exchange Bank. Outstanding balances accrue interest based on the lender's prime rate plus 2.50%. There were no outstanding balances at December 31, 2022 or 2021. The line of credit is secured by substantially all accounts, inventory, equipment and general intangible assets of the Organization and expires on May 5, 2024.

NOTE 9 - RETIREMENT PLAN

Effective January 1, 2020, the Organization sponsored a 401(k) retirement plan (the Plan) for its employees. Substantially all employees are eligible to participate in the Plan upon date of hire. The Plan allows for discretionary employer matching and profit sharing contributions. Organization contributions of \$21,900 were made to the plan during the year ended December 31, 2022. No Organization contributions were made to the plan during the year ended December 31, 2021.

NOTE 10 - LONG TERM DEBT

Long-term debt consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Note payable to finance company, monthly payments of principal and interest totaling \$2,417 are due each month. The interest rate is adjustable quarterly at the finance company's prime rate plus .25%. The interest rate at December 31, 2022 and 2021 was 4.75% and 5%, respectively, per annum. The remaining balance of approximately \$317,000 is due in full on October 1, 2027. The note is secured by a deed of trust on the Organization's facilities at 7351 Bodega Avenue in Sebastopol, California with a total cost of \$969,993 and substantially all other assets of the Organization. In addition, \$12,500 of cash belonging to individuals is being held by the lender in secured accounts to guarantee the loan.	<u>\$ 316,985</u>	<u>\$ 330,844</u>
Total Long-Term Debt	<u>\$ 316,985</u>	<u>\$ 330,844</u>
Current Portion	<u>\$ 14,043</u>	<u>\$ 330,844</u>
Non-Current Portion	<u>\$ 302,942</u>	<u>\$ -</u>

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10 - LONG TERM DEBT (Continued)

The note payable to the finance company is subject to certain financial covenants. The Organization was in compliance with these financial covenants at December 31, 2022.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to the Passage of Time:		
Available for Future Expenses	\$ 71,000	\$ 53,199
Subject to Expenditure for Specific Purpose:		
Garden	-	100,800
Campaign	10,000	-
Marin Kitchen and Garden	1,503	-
Specific Client Meals	25,533	12,821
General Support for Sonoma County	40,000	-
Translation for Materials	2,400	-
Generator for Sebastopol Kitchen	-	28,000
	<u>79,436</u>	<u>141,621</u>
Total Net Assets with Donor Restrictions	<u>\$ 150,436</u>	<u>\$ 194,820</u>

NOTE 12 - IN-KIND CONTRIBUTIONS

In the years ended December 31, 2022 and 2021, the Organization received in-kind donations of equipment, food, facility usage, auction items and skilled services. The revenues and expenses related to in-kind auction items are netted in the statements of activities in special events, net in years ended December 31, 2022 and 2021. The remaining in-kind contributions have been included in the statements of activities and statements of functional expenses as in-kind contribution revenues and food expenses, rent expenses, and contributed professional service expenses as follows:

	<u>2022</u>	<u>2021</u>	Donor Restrictions	Utilization
In-Kind Contribution of Vehicles and Equipment	\$ 14,929	\$ 135,000	None	Programs
In-Kind Contribution Expenses:				
Food	92,262	75,303	None	Meal Programs
Garden Supplies	8,499	3,274	None	Meal Programs
Use of Land for Garden	37,500	18,000	None	Meal Programs
Use of Santa Rosa Kitchen and Garden	-	48,000		Meal Programs
Discount on Office Rent	9,600	9,600	None	General and Administrative
Professional Services	102,524	67,628	None	Various
Kitchen Supplies	10,523	57,652	None	Meal Programs
Other	5,241	-	None	Various
Total In-Kind Contribution Expenses	<u>266,149</u>	<u>279,457</u>		
In-Kind Contribution Revenues	<u>\$ 281,078</u>	<u>\$ 414,457</u>		
In-Kind Contributions of Auction Items Included in special event, net	<u>\$ 82,805</u>	<u>\$ 58,528</u>		

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 - IN-KIND CONTRIBUTIONS (Continued)

Donated goods and contributed facilities and services are valued based on invoices or other documentation received from the donor stating the market value of the donation. In instances where an invoice is not submitted, the fair market value will be estimated based on similar goods, facilities or services publicly available for rent or sale.

A. Contributed Professional Services

Contributed professional services included in the financial statements in the year ended December 31, 2022 includes donated vendor technology services totaling \$44,345, legal services totaling \$2,525, Advertising services totaling \$16,940, and construction services totaling \$10,112.

Contributed professional services included in the financial statements in the year ended December 31, 2021 includes donated vendor technology services totaling \$35,521, legal services totaling \$8,138 and maintenance services totaling \$2,755.

In the year ended December 31, 2022 and 2021, contributed professional services also include donated skilled services from chefs, landscapers, and licensed social workers. The fair value of these professional services has been determined by management using the greater of the U.S. Department of Labor’s Occupational Employment Statistics for the Santa Rosa metropolitan area or the minimum wage, plus benefits and taxes estimated at 18% of compensation.

The total fair value of skilled services from chefs, landscapers and licensed social workers services included in the financial statements in the year ended December 31, 2022 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Service
Sebastopol Meal Program	599	\$ 31.91	\$ 23,912
Santa Rosa Program	116	20.80	2,468
Management and General	105	35.47	2,222
Totals	<u>820</u>		<u>\$ 28,602</u>

The total fair value of skilled services from chefs, landscapers and licensed social workers services included in the financial statements in the year ended December 31, 2022 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Service
Sebastopol Meal Program	281	\$ 31.91	\$ 8,951
Santa Rosa Program	129	20.80	2,683
Marin Meal Program	11	29.99	330
Management and General	261	35.47	9,250
Totals	<u>682</u>		<u>\$ 21,214</u>

THE CERES COMMUNITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 - IN-KIND CONTRIBUTIONS (Continued)

B. Non-Professional Donated Services

The Organization also has many volunteers who donate their non-professional services towards programs and support. In accordance with GAAP, the value of these non-professional services is not reflected in these financial statements. In the year ended December 31, 2022, adult volunteers donated 28,513 hours of non-professional service and teen volunteers donated 12,902 hours. In the year ended December 31, 2021, adult volunteers donated 27,725 hours of non-professional service and teen volunteers donated 13,552 hours.

The fair value of the non-professional services adult hours has been determined by management using the greater of the U.S. Department of Labor's Occupational Employment Statistics for the Santa Rosa metropolitan area or the minimum wage, plus benefits and taxes estimated at 18% of compensation in the years ended December 31, 2022 and 2021. The value of the teen volunteers is based on minimum wage, plus taxes estimated at 18% of compensation.

The total fair value of the non-professional volunteer services in the year ended December 31, 2022 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Service
Adult Volunteers	28,513	\$ 19.97	\$ 659,444
Teen Volunteers	12,902	16.20	206,428
Totals	41,415		\$ 865,872

The total fair value of the non-professional volunteer services in the year ended December 31, 2021 is as follows:

	Number of Hours Contributed	Average Fair Value Per Hour of Service	Total Fair Value of Service
Adult Volunteers	27,725	\$ 19.59	\$ 542,996
Teen Volunteers	13,552	18.27	247,584
Totals	41,277		\$ 790,580

NOTE 13 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through March 30, 2023, the date which these financial statements were available to be issued. Other than noted in Note 7, there were no material subsequent events that required recognition or additional disclosures in these financial statements.

SUPPLEMENTARY INFORMATION

THE CERES COMMUNITY PROJECT
SCHEDULE OF EXPENSES - INCLUDING THE FAIR VALUE OF NON - PROFESSIONAL VOLUNTEER SERVICES
DECEMBER 31, 2022

	Program Expenses						Supporting Expenses		
	Meal Programs			Community Outreach	National Program	Total Program	General and Administrative	Fundraising	Total
	Sebastopol	Marin County	Santa Rosa						
EXPENSES									
Compensation Expenses:									
Employees	\$ 805,827	\$ 268,564	\$ 667,223	\$ 301,927	\$ 14,581	\$ 2,058,122	\$ 350,876	\$ 351,075	\$ 2,760,073
Non-Professional Volunteer Services:									
Adult Volunteers	288,393	77,485	236,409	-	-	602,287	57,157	-	659,444
Teen Volunteers	76,554	54,738	72,048	-	-	203,340	3,088	-	206,428
Total Compensation Expenses	1,170,774	400,787	975,680	301,927	14,581	2,863,749	411,121	351,075	3,625,945
Food, Packaging and Supplies	302,028	151,452	305,487	51	-	759,018	660	-	759,678
Facilities and Equipment Expenses	195,124	49,839	129,742	9,390	249	384,344	12,623	10,275	407,242
Technology and Telephone	39,250	16,679	39,167	15,748	96	110,940	33,014	13,318	157,272
Program Expenses	12,366	2,606	8,914	1,700	-	25,586	1,443	(766)	26,263
Professional Fees	25,928	12,334	24,829	20,151	-	83,242	56,316	15,359	154,917
Capital Campaign Expenses	-	-	-	-	-	-	-	63,250	63,250
Insurance	-	-	-	-	-	-	29,291	51	29,342
Marketing and Promotion	539	286	539	31,467	-	32,831	39	129	32,999
Outside Services	7,044	824	3,619	780	-	12,267	9,124	780	22,171
Banking and Processing Fees	877	578	1,229	718	-	3,402	11,602	17,937	32,941
Office Expenses	4,516	1,194	2,343	10,584	-	18,637	10,770	899	30,306
Interest Expense	13,253	-	-	-	-	13,253	2,673	-	15,926
Travel and Meetings	1,623	524	1,703	3,628	397	7,875	8,134	454	16,463
TOTAL EXPENSES	\$ 1,773,322	\$ 637,103	\$ 1,493,252	\$ 396,144	\$ 15,323	\$ 4,315,144	\$ 586,810	\$ 472,761	\$ 5,374,715

(Attached notes are an integral part of this statement)

THE CERES COMMUNITY PROJECT
SCHEDULE OF EXPENSES - INCLUDING THE FAIR VALUE OF NON-PROFESSIONAL VOLUNTEER SERVICES
DECEMBER 31, 2021

	Program Expenses						Supporting Expenses		
	Meal Programs			Community Outreach	National Program	Total Program	General and Administrative	Fundraising	Total
	Sebastopol	Marin County	Santa Rosa						
EXPENSES									
Compensation Expenses:									
Employees	\$ 584,313	\$ 278,685	\$ 581,425	\$ 318,371	\$ 18,781	\$ 1,781,575	\$ 320,269	\$ 299,322	\$ 2,401,166
Non-Professional Volunteer Services:									
Adult Volunteers	251,316	66,218	180,028	-	-	497,562	19,598	25,836	542,996
Teen Volunteers	100,656	58,680	88,248	-	-	247,584	-	-	247,584
Total Compensation Expenses	936,285	403,583	849,701	318,371	18,781	2,526,721	339,867	325,158	3,191,746
Food, Packaging and Supplies	260,125	129,804	223,017	55	-	613,001	31	-	613,032
Facilities and Equipment Expenses	148,720	50,621	122,830	12,174	1,152	335,497	9,795	12,804	358,096
Technology and Telephone	34,323	18,545	31,202	21,176	1,948	107,194	44,102	24,690	175,986
Program Expenses	9,117	2,152	7,716	41,892	-	60,877	-	-	60,877
Professional Fees	10,312	330	2,683	7,947	-	21,272	44,939	9,225	75,436
Insurance	-	-	-	-	-	-	22,125	-	22,125
Marketing and Promotion	274	41	268	33,506	-	34,089	1,316	577	35,982
Outside Services	15,740	2,461	6,268	2,176	139	26,784	2,346	1,946	31,076
Banking and Processing Fees	1,730	-	1,131	340	15	3,216	15,233	7,671	26,120
Office Expenses	3,955	1,259	4,599	2,945	706	13,464	8,388	2,117	23,969
Interest Expense	13,653	-	-	720	-	14,373	3,083	-	17,456
Travel and Meetings	2,066	937	1,941	364	1,058	6,366	1,435	-	7,801
TOTAL EXPENSES	\$ 1,436,300	\$ 609,733	\$ 1,251,356	\$ 441,666	\$ 23,799	\$ 3,762,854	\$ 492,660	\$ 384,188	\$ 4,639,702

(Attached notes are an integral part of this statement)

THE CERES COMMUNITY PROJECT
NOTES TO SUPPLEMENTAL INFORMATION
DECEMBER 31, 2022 AND 2021

NOTE A - FAIR VALUE OF NON-PROFESSIONAL VOLUNTEER SERVICES

Non-professional volunteer hours totaled 28,513 for adults and 12,902 for teenagers in the year ended December 31, 2022 and totaled 27,725 for adults and 13,552 for teenagers in the year ended December 31, 2021. In accordance with generally accepted accounting principles, these services were not recognized in the statements of activities because such services do not involve specialized skills. However, these services are an integral part of the preparation, cooking, gardening, delivery of meals and education for the meal programs, as well as community outreach, administration and fundraising.

The average value of volunteer services, including related payroll taxes and benefits, was \$19.97 per hour for adults and \$16.20 for teens in the year ended December 31, 2022 and \$19.59 per hour for adults and \$18.27 per hour for teenagers in the year ended December 31, 2021. The fair value of the volunteer services has been determined by management using the greater of U.S. Department of Labor's Occupational Employment Statistics for Santa Rosa and San Rafael, California, and the minimum wage. The Organization estimates the total value of the following non-professional volunteer services as \$865,872 and \$790,580 in the years ended December 31, 2022 and 2021, respectively, and has included them in the supplemental schedule of expenses – including the fair value of non-professional volunteer services for the years ended December 31, 2022 and 2021 as follows:

	2022 Hours	2022 Fair Value	2021 Hours	2021 Fair Value
Sebastopol Meal Program:				
Adults	12,711	\$ 288,393	13,072	\$ 251,316
Teenagers	4,785	76,554	5,687	100,656
Marin County Meal Program:				
Adults	3,250	77,485	3,335	66,518
Teenagers	3,421	54,738	3,094	58,680
Santa Rosa Meal Program:				
Adults	11,044	236,409	10,101	180,028
Teenagers	4,503	72,048	4,771	88,248
Administration:				
Adults	1,508	57,157	810	19,598
Teenagers	193	3,088	-	-
Fundraising:				
Adults	-	-	407	25,836
Total Fair Value of Non-Professional Volunteer Services	41,415	\$ 865,872	41,277	\$ 790,880