

FOODLINK FOR TULARE COUNTY, INC

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

FOODLINK FOR TULARE COUNTY, INC.
DECEMBER 31, 2024

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Logoluso & Kraus

ACCOUNTANCY CORPORATION
770 East Shaw Avenue, Suite 102
Fresno, California 93710-7708
Telephone 559 229-6018
Facsimile 559 229-8641

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Foodlink for Tulare County, Inc.
Exeter, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Foodlink For Tulare County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 referred to above present fairly, in all material respects, the financial position of Foodlink For Tulare County, Inc. as of December 31, 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 Foodlink for Tulare County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Foodlink For Tulare County, Inc.'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 Foodlink For Tulare County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foodlink For Tulare County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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 3 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 be 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 November 20, 2025, on our consideration of Foodlink For Tulare County, Inc.'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 Foodlink For Tulare County, Inc.'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 Foodlink For Tulare County, Inc. internal control over financial reporting and compliance.

Logoluso & Kraus

LOGOLUSO & KRAUS

Fresno, California
November 20, 2025

FOODLINK FOR TULARE COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2024

ASSETS

Current assets:

Cash	\$ 582,764
Cash restricted for programs	587,015
Investments	1,186,589
Grants receivable	760,341
Inventory - purchased	110,551
Inventory - USDA	873,022
Inventory - donated	50,312
Prepaid expenses	<u>273,975</u>
Total current assets	4,424,569

Property and equipment, net 1,819,334

Total assets \$ 6,243,903

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 405,894
Accrued expenses	74,331
Deferred revenue	186,154
Notes payable, current portion	<u>41,552</u>
Total current liabilities	707,931

Notes payable, net of current portion 646,930

Total liabilities 1,354,861

Net assets:

With donor restrictions	1,460,036
Without donor restrictions	<u>3,429,006</u>

Total net assets 4,889,042

Total liabilities and net assets \$ 6,243,903

See Independent Auditor's Report and Notes to the Financial Statements.

FOODLINK FOR TULARE COUNTY, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
In-kind donations	\$ 604,406	\$ 3,309,487	\$ 3,913,893
Government grants	--	2,084,935	2,084,935
Contributions	365,799	108,420	474,219
Special events	132,828	--	132,828
Miscellaneous income	19,315	--	19,315
Interest and dividend income	106,683	--	106,683
Investment earnings, net	110,975	--	110,975
 Total revenues and support before net assets released from restriction	 1,340,006	 5,502,842	 6,842,848
 Net assets released from restriction	 6,665,087	 (6,665,087)	 --
 Total revenues and support after reclassification of net assets released from restriction	 8,005,093	 (1,162,245)	 6,842,848
Expenses			
Program services:			
TEFAP	6,468,694	--	6,468,694
Nutrition On the Go	95,940	--	95,940
Smart Pack	216,114	--	216,114
Deep Roots	213,061	--	213,061
Community Outreach	1,062,698	--	1,062,698
Total program services	8,056,507	--	8,056,507
Supporting services:			
Management and general	282,977	--	282,977
Fundraising	149,884	--	149,884
Total supporting services	432,861	--	432,861
 Total expenses	 8,489,368	 --	 8,489,368
 Changes in net assets	 (484,275)	 (1,162,245)	 (1,646,520)
 Net assets, beginning of year	 3,913,281	 2,622,281	 6,535,562
 Net assets, end of year	 \$ 3,429,006	 \$ 1,460,036	 \$ 4,889,042

See Independent Auditor's Report and Notes to the Financial Statements

FOODLINK FOR TULARE COUNTY, INC

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	PROGRAM SERVICES					SUPPORTING SERVICES		
	TEFAP	Nutrition On the Go	Smart Pack	Deep Roots	Community Outreach	Management and General	Fundraising	Total
Agency travel	\$ --	\$ --	\$ 9	\$ --	\$ --	\$ 39	\$ --	\$ 48
Conferences	1,353	--	--	12,582	--	21,324	--	35,259
Depreciation	37,573	8,840	5,526	--	25,417	24,313	8,841	110,510
Donated product distributed	--	--	--	--	550,311	--	--	550,311
Dues	15,432	--	--	77	--	923	--	16,432
Equipment rental	2,898	--	--	661	519	673	--	4,751
Food purchases	1,661,772	--	125,000	--	--	--	--	1,786,772
Fundraising	--	--	--	--	--	--	42,506	42,506
Insurance	17,674	4,159	2,599	--	11,956	11,436	4,158	51,982
Insurance-workers comp	11,765	1,228	1,677	4,466	12,103	4,766	2,257	38,262
Interest expense	9,840	2,315	1,447	--	6,657	6,368	2,315	28,942
Office expenses	8,475	1,994	1,246	--	5,733	5,484	1,994	24,926
Other employee benefits	25,009	2,610	3,566	9,492	25,728	10,131	4,796	81,332
Outside services	39,073	9,194	5,746	--	26,431	25,282	9,194	114,920
Payroll taxes	27,336	2,853	3,897	10,376	28,122	11,074	5,243	88,901
Professional fees	51,908	12,213	7,634	--	35,114	33,587	12,214	152,670
Program expenses	--	--	163	77,598	1	--	--	77,762
Repairs and maintenance	37,183	5,041	5,042	--	15,756	--	--	63,022
Salaries and wages	256,084	26,723	36,512	97,201	263,447	103,743	49,114	832,824
Technology	5,469	1,287	804	--	3,700	3,539	1,287	16,086
Truck expense	26,079	5,216	5,216	--	15,647	--	--	52,158
USDA product distributed	4,176,601	--	--	--	--	--	--	4,176,601
Utilities	25,352	5,966	3,728	--	17,150	16,404	5,965	74,565
Volunteer expenses	309	--	--	608	--	3,891	--	4,808
Warehouse supplies	31,509	6,301	6,302	--	18,906	--	--	63,018
Total expenses	<u>\$6,468,694</u>	<u>\$ 95,940</u>	<u>\$ 216,114</u>	<u>\$ 213,061</u>	<u>\$1,062,698</u>	<u>\$ 282,977</u>	<u>\$ 149,884</u>	<u>\$ 8,489,368</u>

See Independent Auditor's Report and Notes to the Financial Statements.

FOODLINK FOR TULARE COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash flows from operating activities:	
Changes in net assets	\$ (1,646,520)
Adjustments to reconcile change in net assets to net cash provided in operating activities:	
Depreciation	110,510
Unrealized (gain)/loss on investments	(110,975)
Donated asset	(7,500)
Change in operating assets and liabilities:	
Decrease (increase) in:	
Grants receivable	1,241,452
Inventory	1,051,332
Prepaid expenses	579,070
Increase (decrease) in:	
Accounts payable	130,585
Ramp card payable	43,083
Accrued interest	(187)
Accrued expenses	(10,661)
Agency funds payable	(675,314)
Deferred revenue	169,154
	<u>874,029</u>
Net cash provided by operating activities	<u>874,029</u>
Cash flows from investing activities:	
Purchase of property and equipment	(281,422)
Interest and dividends invested in securities	<u>(105,481)</u>
Net cash (used) by investing activities	<u>(386,903)</u>
Cash flows from financing activities:	
Payments on notes payable	<u>(44,589)</u>
Net cash (used) by financing activities	<u>(44,589)</u>
Net increase in cash	442,537
Cash, beginning of year	<u>727,242</u>
Cash, end of year	<u><u>\$ 1,169,779</u></u>
Supplemental disclosures of cash flow information:	
Interest paid	<u><u>\$ 29,129</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – NATURE OF ORGANIZATION

Foodlink for Tulare County, Inc. (the Organization) was incorporated in September 1978. The Organization helps provide food assistance to the hungry within Tulare County. Serving as the County's administrative agency for the United States Department of Agriculture (USDA), the Organization works with various agencies to provide food assistance to those in need. The Organization provides nutritious and healthy food while addressing the root causes of hunger through education, advocacy and food systems change.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization regularly maintains deposits in excess of federally insured limits. The financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2024, the amounts on deposit which are uninsured were approximately \$855,895.

The Organization maintains its cash with a high-quality institution which they believe limits the associated risk.

Fair Value of Certain Financial Instruments

The Organization considers its cash and cash equivalents, receivables, prepaid expenses and other assets, accounts payable, and accrued expenses to be short-term in nature, and therefore their fair values approximate their carrying values. The carrying amount of grants payable approximates fair value because such liabilities are recorded at estimated net present value based on anticipated future cash flows.

(Continued)

See Independent Auditor's Report.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Securities

Investment securities are stated at their estimated fair value based on quoted closing prices. Investment income, including unrealized gains and losses, interest, dividends and related items are recognized in the Statement of Activities as they are incurred.

Accounts and Grants Receivable

The Organization considers accounts and grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is reported. If amounts become uncollectible, they will be charged to operations when the determination is made.

Inventory

Inventory consists of food items that are currently available for distribution. They are stated at the lower of cost (first-in, first-out) of realizable value.

Purchased inventory – Purchased inventory consists primarily of produce and protein food items.

USDA inventory – United States Department of Agriculture (USDA) inventory consists of various food commodities. The Organization records the USDA inventory at the fair market value that is provided by the USDA.

Donated inventory – Donated inventory consists of food commodities. The Organization's practice is to assess the value of donated inventory at \$1.79 per pound.

Property and Equipment

Property and equipment are stated at cost or, if donated and placed into service, at their estimated fair value at the date donated. All assets acquired by the Organization whose individual initial value or cost exceeds \$5,000 are capitalized and depreciated. Routine repairs and maintenance are expensed when incurred. Depreciation is computed using straight-line method over the following estimated useful lives:

<u>Type of Asset</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	7-39 years
Furniture and equipment	3-7 years
Vehicles	5 years

See Independent Auditor's Report.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization recognizes revenue when services are rendered. A receivable is recorded to the extent the amount earned exceeds cash advances. Conversely, a liability is recorded when cash advances exceed amounts earned.

Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the grants or contracts. Additionally, if the Organization terminates its activities, all unearned amounts are to be returned to the funding sources.

Contributions

Contributions are generally recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

In-Kind Donations

In-kind donations are primarily received in the form of food commodities. The California Department of Social Services (CDSS) and the United States Department of Agriculture (USDA) set the values of the in-kind donation of food commodities. It is the Organization's practice to value all other in-kind donations at \$1.79 per pound. The in-kind donations, other than commodities, are reflected at their fair market value at the date of donation. All in-kind donations are reported as unrestricted support unless explicit donor stipulations specifying how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased is not contributed.

Functional Expense Allocation

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the accompanying Statement of Activities. Certain overhead and indirect costs have been allocated to program services and fundraising based on management's estimate of the actual personnel and facilities used in such activities. Management and general include those expenses that are not directly identifiable with any specific program but provide for the overall support and direction of the Organization.

The expenses allocated consist of the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes and benefits	Time and effort
Other employee benefits	Time and effort
Depreciation	Square footage
Interest expense	Square footage
Utilities	Square footage
Insurance	Square footage
Office expense	Square footage

(Continued)

See Independent Auditor's Report.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization has qualified as a not-for-profit organization and has been granted tax-exempt status pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes.

Generally accepted accounting principles provides accounting and disclosures guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – AVAILABILITY OF CASH AND LIQUIDITY

The following represents the Organization's financial assets as of December 31, 2024:

Financial assets:		
Cash	\$	582,764
Cash restricted		<u>587,015</u>
Total cash		1,169,779
Investments		1,186,589
Grants receivable		<u>760,341</u>
Total financial assets		3,116,709
Less amounts not available to be used within one year:		
Restricted with liquidity horizons greater than one year:		<u> --</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u><u>3,116,709</u></u>

As part of the Organization's liquidity management, the Organization consistently identifies financial assets and assesses the availability of each financial asset to meet cash needs for general expenditures and to identify liquidity risks and strategies and actions taken to manage liquidity needs. The Organization's goal is to maintain enough cash and cash equivalents to cover 90 days of operational expenses.

See Independent Auditor's Report.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 - GRANTS RECEIVABLE

Grants Receivable consisted of the following:

Cal Foods	\$ 611,668
California Department of Social Services (CDSS)	111,223
Other	<u>37,450</u>
Total grants receivable	<u>\$ 760,341</u>

NOTE 5 - INVESTMENTS

Investments consist of the following:

Mutual Funds	<u>\$ 1,186,589</u>
Total investments	<u>\$ 1,186,589</u>

The following schedule summarizes the investment earnings:

Investment unrealized gain	\$ 110,975
Investment interest and dividends invested in securities	106,264
Interest from money market	<u>419</u>
Total investment earnings	<u>\$ 217,658</u>

NOTE 6 - FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, fair value is defined as the price that the Organization would receive upon selling an asset or pay to transfer a liability at the reporting date. Generally accepted accounting principles established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Organization's own assumptions about the factors market participants would use in pricing the asset or liability, developed based on the best information available.

The three-tier hierarchy of inputs are as follows:

Level 1: Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations are for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations are for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities. The Organization has no financial assets or liabilities of this category.

(Continued)

See Independent Auditor's Report.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs are unobservable. Valuations are for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discount cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining fair value assigned To such assets or liabilities. The Organization has no financial assets or liabilities in this category.

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2024:

Description	Level 1	Level 2	Level 3
Mutual Funds	\$ 1,186,589	\$ -	\$ -
	<u>\$ 1,186,589</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2023	Additions	Deletions	2024
Land	\$ 295,658	\$ -	\$ -	\$ 295,658
Buildings	211,861	-	-	211,861
Buildings and improvements	912,546	38,950	-	951,496
Vehicles	636,105	-	16,140	619,965
Equipment - office	88,709	-	-	88,709
Equipment - warehouse	243,695	52,833	-	296,528
Construction in progress	117,069	197,140	-	314,209
Total	2,505,643	288,923	16,140	2,778,426
Accumulated depreciation	(864,722)	(110,510)	16,140	(959,092)
Property and equipment, net	<u>\$ 1,640,921</u>	<u>\$ 178,413</u>	<u>\$ -</u>	<u>\$ 1,819,334</u>

Total depreciation expense for the year ended December 31, 2024 was \$110,510.

NOTE 8 - AGENCY FUNDS PAYABLE

The Organization acted as the fiscal agent for Be Healthy Tulare. Although there is no formal agreement, the Organization received and held donations received from the community on behalf of Be Healthy Tulare. The amount payable to Be Healthy Tulare at January 01, 2024 was \$49,302 and at December 31, 2024 the amount payable is \$-0-. There was also an agency grant, the California Endowment, at January 01, 2024 \$626,012 was owed and at December 31, 2024 the amount payable is \$0. All agency funds were paid out during the year.

NOTE 9 – NOTES PAYABLE

Notes payable consisted of the following:

(Continued)

See Independent Auditor's Report.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 - NOTES PAYABLE (Continued)

Navistar, secured by 2019 International Thermo King refrigerated truck. Principal and interest payable in monthly installments of \$1,769 beginning October 2018. Interest rate is 6.35%; unpaid principal and interest due September 2025. 15,509

United States Department of Agriculture, secured by a deed of trust on the property at 611 2nd street, Exeter, CA. Principal and interest payable in monthly installments of \$4,374 beginning September 2015. Interest rate is 4.0%, unpaid principal and interest is due July 2043. The note requires a cash reserve be met and maintained. As of December 31, 2024, the maximum reserve requirement was met. 672,973

Total notes payable 688,482

Less current portion (41,552)

Long-term portion \$ 646,930

Future estimated principal payments for the years ended December 31 are as follows:

2025	\$	41,552
2026		27,104
2027		28,208
2028		29,358
2029		26,043
Thereafter		<u>520,708</u>
Total	\$	<u>672,973</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are net asset subject to donor-imposed stipulations that are intended for a specific purpose.

Net assets with donor restrictions are restricted for the following purposes:

USDA food commodities	\$	873,022
Deep Roots		266,158
Broyles trust		191,903
Smartpack		<u>128,953</u>
Total net assets with donor restrictions	\$	<u>1,460,036</u>

USDA food commodities can only be provided to recipients that the USDA has qualified to receive the food. Deep Roots funding can only be used for activities that are within the Deep Roots program. Broyles trust can only be used for food purchases and distribution within the city of Visalia. Smartpack funds can only be spent on Smartpack activities.

(Continued)

See Independent Auditor's Report.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 - EMPLOYEE RETIREMENT PLAN

The Organization has a 401(k) plan covering all eligible employees meeting the age and service requirements. The plan is written so that the Organization's matching contribution is discretionary, utilizing the pay formula and cannot exceed 100% of the employee's contributions. For the year ended December 31, 2024, the Organization made contributions in the amount of \$-0-.

NOTE 12 – CONCENTRATION OF RISK

For the years ended December 31, 2024, the Organization received approximately 75% of its revenue and support from the United States Department of Agriculture, therefore, the Organization is economically dependent on the California Department of Social Services who is the resource for these government resources.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Organization has received local, state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. These audits could generate expenditure disallowances based on noncompliance with grant requirements. The amount that the Organization may be required to repay grantor agencies, if any, is unknown.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there were no subsequent events that have occurred from December 31, 2024 through the date the financial statements were available to be issued at November 20, 2025 that would require disclosure or adjustment.

See Independent Auditor's Report.

COMPLIANCE SECTION

FOODLINK FOR TULARE COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Federal Grantor/Program or Cluster Title</u>		<u>Federal Expenditures</u>
United States Department of Agriculture:		
Passed through California Department of Social Services:		
Food Distribution Cluster		
Emergency Food Assistance Program: Administrative Costs	10.568	\$ 563,501
Emergency Food Assistance Program: Food Commodities	10.569	<u>4,640,848</u>
Total Food Distribution Cluster		<u>5,204,349</u>
 Total Expenditures of Federal Awards		 <u>\$ 5,204,349</u>

FOODLINK FOR TULARE COUNTY, INC.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Foodlink for Tulare County, Inc. (the Organization), under the programs of the federal government for the year ended December 31, 2024. The information in the SEFA 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. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance is in effect for some grants and not for others.

NOTE 4 – NON-MONETARY ASSISTANCE

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received.

LOGOLUSO & KRAUS

ACCOUNTANCY CORPORATION

770 East Shaw Avenue, Suite 102

Fresno, California 93710-7708

Telephone 559 229-6018

Facsimile 559 229-8641

INDEPENDENT AUDITOR'S 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

To the Board of Directors of
Foodlink for Tulare County, Inc.
Exeter, 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 of America, the financial statements of Foodlink For Tulare County, Inc. (the Organization), which comprise the statement of financial position as of December 31, 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, and have issued our report thereon dated November 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Logoluso & Kraus

LOGOLUSO & KRAUS

Fresno, California
November 20, 2025

LOGOLUSO & KRAUS
ACCOUNTANCY CORPORATION
770 East Shaw Avenue, Suite 102
Fresno, California 93710-7708
Telephone 559 229-6018
Facsimile 559 229-8641

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

To the Board of Directors of
Foodlink for Tulare County, Inc.
Exeter, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Foodlink for Tulare County, Inc's (the Organization) 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 Foodlink for Tulare County, Inc's major federal programs for the year ended December 31, 2024. The Organization'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, the Organization's 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 December 31, 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 the Organization, 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 the Organization'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 the Organization'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 Foodlink for Tulare County, Inc'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 Foodlink for Tulare County, Inc'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 Foodlink for Tulare County, Inc'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 Foodlink for Tulare County, Inc'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 Foodlink for Tulare County, Inc'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Foodlink for Tulare County, Inc's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Foodlink for Tulare County, Inc's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be significant deficiency.

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.

Logoluso & Kraus

LOGOLUSO & KRAUS

Fresno, California
November 20, 2025

FINDINGS AND QUESTIONED COSTS

FOODLINK FOR TULARE COUNTY, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

SECTION I - SUMMARY OF AUDITOR'S RESULT

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
Material weaknesses identified? Yes X No
Significant deficiencies identified - not
considered to be material weaknesses? Yes X None reported
Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:
Material weaknesses identified? Yes X No
Significant deficiencies identified - not
considered to be material weaknesses? X Yes None reported

Type of auditor's report issued on compliance for
major programs: Unmodified
Any audit findings disclosed that are required to be reported
in accordance with 2CFR Section 200.516(a) X Yes No

Identification of Major Programs

Number Name of Federal Program or Cluster
10.568 and 10.569 Food Distribution Cluster

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

FOODLINK FOR TULARE COUNTY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted in current period.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2024-001

Federal Program Information (Significant Deficiency)

U.S. Department of Agriculture
Emergency Food Assistance Program (Food Commodities)
Federal Catalog No. 10.568 and 10.569

Criteria

In accordance with OMB Uniform Guidance, 2 CFR. 512(a)(1), an audit must be completed and the data collection form must be submitted within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period.

Condition

The Organization did not submit the audit and data collection form to the Federal Audit Clearinghouse by September 30, 2025.

Cause

Due to an abrupt change in management personnel because of health matters, the Organization was not able to provide audit documentation in sufficient time to perform the audit.

Effect

The Organization did not comply with federal requirements regarding submission of the audit package to the Federal Audit Clearinghouse.

Questioned Costs

\$5,162,798 total federal awards received for the year ended December 31, 2024.

Proper Perspective

Limited to the audit for the year ended December 31, 2024.

Recommendation

The Organization should implement policies and procedures to ensure that the audit is completed and the Data Collection form and reporting package is submitted within the earlier of 30 calendar days after the receipt of the auditor's report or nine months after the end of the audit period.

Corrective Action Plan

Abrupt change in management caused a lapse in organizational knowledge, but new leadership has taken the proper steps to be audit-ready at all times. The inventory management position has now been filled.

FOODLINK FOR TULARE COUNTY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

USDA

Finding 2023-001 - Federal Program Information (Significant Deficiency)

Condition: The Organization did not submit the audit and data collection form to the federal Audit Clearinghouse by September 30, 2024.

Recommendation: The Organization should implement policies and procedures to ensure that the audit is completed and the Data Collection form and reporting package is submitted within the earlier of 30 calendar days after the receipt of the auditor's report or nine months after the end of the audit period.

Current status: Management is working to get the Organization caught up in its timeliness of audits and reporting Data Collection. Outside bookkeepers have been hired.