

FOODLINK FOR TULARE COUNTY, INC

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

FOODLINK FOR TULARE COUNTY, INC.
DECEMBER 31, 2025

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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, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foodlink For Tulare County, Inc. as of December 31, 2025, 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 September 25, 2026, 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

Fresno, California
September 25, 2026

FOODLINK FOR TULARE COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2025

ASSETS

Current assets:

Cash	\$ 193,832
Cash restricted for programs	3,972,644
Investments	1,404,763
Grants and other receivables	402,415
Prepaid expenses	73,061
Inventory - purchased	248,639
Inventory - USDA	908,765
Inventory - LFPA	36,416
Inventory - donated	27,695
Total current assets	<u>7,268,230</u>

Property and equipment, net	<u>1,875,920</u>
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Total assets	<u><u>\$ 9,144,150</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 155,759
Accrued expenses	11,253
Refundable advances	3,333,664
Notes payable, current portion	<u>27,104</u>
Total current liabilities	<u>3,527,780</u>

Notes payable, net of current portion	<u>619,826</u>
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Total liabilities	<u>4,147,606</u>
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Net assets:

With donor restrictions	1,547,745
Without donor restrictions	<u>3,448,799</u>

Total net assets	<u>4,996,544</u>
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Total liabilities and net assets	<u><u>\$ 9,144,150</u></u>
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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, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
In-kind donations	\$ 1,073,578	\$ 3,134,735	\$ 4,208,313
Government grants	727,906	1,155,884	1,883,790
Contributions	455,669	135,483	591,152
Special events	94,707	77,941	172,648
Miscellaneous income	38,878	--	38,878
Interest and dividend income	89,488	--	89,488
Investment earnings, net	<u>129,095</u>	<u>--</u>	<u>129,095</u>
 Total revenues and support before net assets released from restriction	 2,609,321	 4,504,043	 7,113,364
 Net assets released from restriction	 <u>4,416,334</u>	 <u>(4,416,334)</u>	 <u>--</u>
 Total revenues and support after reclassification of net assets released from restriction	 <u>7,025,655</u>	 <u>87,709</u>	 <u>7,113,364</u>
Expenses			
Program services:			
TEFAP	4,333,777	--	4,333,777
Nutrition On the Go	85,367	--	85,367
Smart Pack	104,084	--	104,084
Deep Roots	117,005	--	117,005
Community Outreach	<u>1,955,165</u>	<u>--</u>	<u>1,955,165</u>
Total program services	<u>6,595,398</u>	<u>--</u>	<u>6,595,398</u>
 Supporting services:			
Management and general	290,253	--	290,253
Fundraising	<u>120,211</u>	<u>--</u>	<u>120,211</u>
Total supporting services	<u>410,464</u>	<u>--</u>	<u>410,464</u>
 Total expenses	 <u>7,005,862</u>	 <u>--</u>	 <u>7,005,862</u>
 Changes in net assets	 19,793	 87,709	 107,502
 Net assets, beginning of year	 <u>3,429,006</u>	 <u>1,460,036</u>	 <u>4,889,042</u>
 Net assets, end of year	 <u>\$ 3,448,799</u>	 <u>\$ 1,547,745</u>	 <u>\$ 4,996,544</u>

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, 2025**

	PROGRAM SERVICES					SUPPORTING SERVICES		
	TEFAP	Nutrition On the Go	Smart Pack	Deep Roots	Community Outreach	Management and General	Fundraising	Total
Agency travel	\$ --	\$ --	\$ --	\$ 582	\$ --	\$ 3,294	\$ 8	\$ 3,884
Conferences	148	--	--	2,513	80	12,782	--	15,523
Depreciation	34,933	8,220	5,137	--	23,631	22,604	8,220	102,745
Donated product distributed	--	--	--	--	1,073,995	--	--	1,073,995
Dues	1,122	--	--	--	1,395	11,463	225	14,205
Equipment rental	5,780	--	--	--	2,018	2,490	--	10,288
Food purchases	1,063,856	--	--	3,729	36,797	20,526	--	1,124,908
Fundraising	--	--	--	--	--	--	30,091	30,091
Insurance	17,324	4,076	2,548	--	11,719	11,210	4,076	50,953
Insurance-workers comp	12,862	1,240	2,875	4,529	14,257	5,115	1,994	42,872
Interest expense	9,074	2,135	1,334	--	6,139	5,872	2,135	26,689
Office expenses	12,596	2,964	1,852	--	8,520	8,150	2,964	37,046
Other employee benefits	13,160	1,268	2,942	4,634	14,587	5,234	2,040	43,865
Outside services	34,686	8,161	5,101	--	23,464	22,444	8,161	102,017
Payroll taxes	26,577	2,561	5,942	9,358	29,460	10,570	4,120	88,588
Professional fees	61,950	14,576	9,110	--	41,907	40,085	14,576	182,204
Program expenses	--	--	--	10,572	6,149	359	--	17,080
Repairs and maintenance	18,087	2,452	2,452	--	7,664	--	--	30,655
Salaries and wages	230,296	22,195	51,485	81,088	255,270	91,590	35,699	767,623
Technology	3,666	--	--	--	1,799	234	--	5,699
Truck expense	21,780	4,356	4,356	--	13,068	--	--	43,560
USDA product distributed	2,714,491	--	--	--	--	--	--	2,714,491
LFPA product distributed	--	--	--	--	348,085	--	--	348,085
Utilities	25,085	5,902	3,689	--	16,969	16,231	5,902	73,778
Volunteer expenses	--	--	--	--	2,410	--	--	2,410
Warehouse supplies	26,304	5,261	5,216	--	15,782	--	--	52,608
Total expenses	<u>\$4,333,777</u>	<u>\$ 85,367</u>	<u>\$ 104,084</u>	<u>\$ 117,005</u>	<u>\$1,955,165</u>	<u>\$ 290,253</u>	<u>\$ 120,211</u>	<u>\$ 7,005,862</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, 2025**

Cash flows from operating activities:

Changes in net assets	\$ 107,502
Adjustments to reconcile change in net assets to net cash provided in operating activities:	
Depreciation	102,744
Unrealized (gain)/loss on investments	(89,079)
Donated asset	(22,200)
Change in operating assets and liabilities:	
Decrease (increase) in:	
Grants receivable	357,925
Inventory	(187,630)
Prepaid expenses	200,914
Increase (decrease) in:	
Accounts payable	(281,895)
Ramp card payable	31,761
Accrued interest	(169)
Accrued expenses	(62,907)
Refundable advances	<u>3,147,508</u>
Net cash provided by operating activities	<u>3,304,474</u>

Cash flows from investing activities:

Payments for property and equipment	(137,130)
Interest and dividends invested in securities	<u>(129,095)</u>
Net cash (used) by investing activities	<u>(266,225)</u>

Cash flows from financing activities:

Payments on notes payable	<u>(41,552)</u>
Net cash (used) by financing activities	<u>(41,552)</u>

Net increase in cash and restricted cash 2,996,697

Beginning cash and restricted cash 1,169,779

Ending cash and restricted cash \$ 4,166,476

Supplemental disclosures of cash flow information:

Interest paid	<u><u>\$ 26,858</u></u>
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See Independent Auditor's Report and Notes to the Financial Statements.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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, 2025, the amounts on deposit which are uninsured were approximately \$1,282,186.

The Organization maintains a money market account with RAMP. The balance is protected up to \$250,000 by the Securities Investor Protection Corporation (SIPC). As of December 31, 2025 the unprotected amount on deposit was approximately \$2,374,466.

The Organization maintains its cash with high-quality institutions, 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, 2025

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.

The Organization maintains an investment account with Fidelity Investments. The balance is protected up to \$250,000 for cash balances and up to \$500,000 for customer assets by the Securities Investor Protection Corporation (SIPC). As of December 31, 2025, the unprotected amount on the deposit was approximately \$913,779.

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.

LFPA inventory - Local food purchase assistance inventory consists of various food commodities. LFPA inventory is recorded at fair market value.

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, 2025

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, 2025

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, 2025:

Financial assets:

Cash	\$ 193,832
Cash restricted	<u>3,972,644</u>
Total cash	4,166,476
Investments	1,404,763
Grants receivable	<u>402,415</u>
Total financial assets	5,973,654

Less restricted amounts, though some is available for general expenditures:

Restricted for food purchases by Cal Foods	(869,272)
Restricted for building construction by Capacity Grants	(1,949,413)
Restricted for building construction by Ceres and HNS	(185,000)
Restricted for specific DEEP ROOTS	(153,577)
Restricted for Community Outreach	(486,435)
Restricted for Broyles	(142,563)
Restricted for Smart Packs	(186,382)

Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,001,012</u>
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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. Of the restricted amounts \$638,980 are part of restricted net assets, and \$3,333,664 are included in refundable advances.

See Independent Auditor's Report.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 - GRANTS AND OTHER RECEIVABLES

Grants Receivable consisted of the following:

CFDA resilient food systems infrastructure	\$ 49,726
CDSS Cal Foods OG 25/26	167,928
CDSS TEFAP	121,059
Central CA Food bank LFPA grant	21,266
Refund	21,615
Other	<u>20,822</u>
Total grants receivable	<u>\$ 402,416</u>

NOTE 5 - INVESTMENTS

Investments consist of the following:

Mutual Funds	<u>\$ 1,404,763</u>
Total investments	<u>\$ 1,404,763</u>

The following schedule summarizes the investment earnings:

Investment unrealized gain	\$ 129,095
Investment interest and dividends invested in securities	89,422
Interest from money market	<u>66</u>
Total investment earnings	<u>\$ 218,583</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, 2025

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, 2025:

Description	Level 1	Level 2	Level 3
Mutual Funds	\$ 1,404,763	\$ -	\$ -
	<u>\$ 1,404,763</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2024	Additions	Deletions	2025
Land	\$ 295,658	\$ -	\$ -	\$ 295,658
Buildings	211,861	-	-	211,861
Buildings and improvements	951,496	-	-	951,496
Vehicles	619,965	-	-	619,965
Donated vehicles	-	22,200	-	22,200
Equipment - office	88,709	-	-	88,709
Equipment - warehouse	296,528	-	-	296,528
Construction in progress	314,209	137,130	-	451,339
Total	2,778,426	159,330	-	2,937,756
Accumulated depreciation	<u>(959,092)</u>	<u>(102,744)</u>	<u>-</u>	<u>(1,061,836)</u>
Property and equipment, net	<u>\$ 1,819,334</u>	<u>\$ 56,586</u>	<u>\$ -</u>	<u>\$ 1,875,920</u>

Total depreciation expense for the year ended December 31, 2025 was \$102,744.

NOTE 8 - AGENCY FUNDS PAYABLE

There are no agency Funds payable.

NOTE 9 – NOTES PAYABLE

Notes payable consisted of the following:

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. The balance was completely paid during the current year.

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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, 2025, the maximum reserve requirement was met.

646,930

(Continued)

See Independent Auditor's Report.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 9 - NOTES PAYABLE (Continued)

Total notes payable	
Less current portion	<u>(27,104)</u>
Long-term portion	<u>\$ 619,826</u>

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

2026	\$ 27,104
2027	28,208
2028	29,358
2029	30,554
2030	31,799
Thereafter	<u>499,907</u>
Total	<u>\$ 646,930</u>

NOTE 10 - REFUNDABLE GRANT ADVANCES

The Organization has been awarded grants from multiple entities. The purpose of these grants range from building construction to general operations. The two primary ones are the CDSS Capacity Grant and the Cal Food One Time Grant. The details for these two are shown individually while all others are combined. The grant revenue is recognized as the required services are performed, and expenses are recognized as incurred. Grant activity for the year ended December 31, 2025 is as follows:

	<u>CDSS CG</u>	<u>CFOTG</u>	<u>Other</u>	<u>Total</u>
Refundable advances, beginning of year	\$ -	\$ -	\$ 186,154	\$ 186,154
Grant receipts	2,009,694	1,511,898	541,500	4,063,092
Grant expenditures	<u>85,280</u>	<u>642,626</u>	<u>187,676</u>	<u>915,582</u>
Refundable advances, end of year	<u>\$ 1,924,414</u>	<u>\$ 869,272</u>	<u>\$ 539,978</u>	<u>\$ 3,333,664</u>

NOTE 11 - 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	\$ 908,765
Building grants	185,000
Deep Roots	92,436
Broyles trust	142,563
Smartpack	186,382
Community outreach	<u>32,599</u>
Total net assets with donor restrictions	<u>\$ 1,547,745</u>

USDA food commodities can only be provided to recipients that the USDA has qualified to receive the food. Building grants are for construction of the Agro Center. 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. Community outreach funds can only be spent on outreach activities.

See Independent Auditor's Report.

FOODLINK FOR TULARE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 12 - 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, 2025, the Organization made contributions in the amount of \$-0-.

NOTE 13 – CONCENTRATION OF RISK

For the years ended December 31, 2025, the Organization received approximately 70% 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 14 - 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 15 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there were no subsequent events that have occurred from December 31, 2025 through the date the financial statements were available to be issued at September 25, 2026 that would require disclosure or adjustment.

COMPLIANCE SECTION

FOODLINK FOR TULARE COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

<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	\$ 594,267
Emergency Food Assistance Program: Food Commodities	10.569	<u>3,876,771</u>
Total Food Distribution Cluster		4,471,038
United States Department of Agriculture:		
Passed through Department of Social Services:		
Local Food Purchase Agreements (LFPA)		
Pandemic Relief Activities: Local food purchase agreements with States, Tribes, and Local Governments	10.182	\$ 412,482
United States Department of Agriculture:		
Passed through Department of Social Services:		
Resilient Food Systems Infrastructure Program (RFSI)		
Resilient Food Systems Infrastructure Program	10.190	\$ 49,726
Total Expenditures of Federal Awards		<u>\$ 4,933,246</u>

FOODLINK FOR TULARE COUNTY, INC.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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, 2025. 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.

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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, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2026.

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

Fresno, California
September 25, 2026

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**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, 2025. 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, 2025.

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.

Report on Internal Control over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

LOGOLUSO & KRAUS

Fresno, California
September 25, 2026

FINDINGS AND QUESTIONED COSTS

FOODLINK FOR TULARE COUNTY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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?

_____ Yes X 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)

_____ Yes X 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:

\$1,000,000

Auditee qualified as low-risk auditee?

_____ Yes X No

FOODLINK FOR TULARE COUNTY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

USDA

Finding 2024-001 - 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, 2025.

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: A new inventory manager has been hired and is improving the inventory process.