

REFED, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

REFED, INC.
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ReFED, Inc.

Opinion

We have audited the accompanying financial statements of ReFED, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ReFED, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 ReFED, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ReFED, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

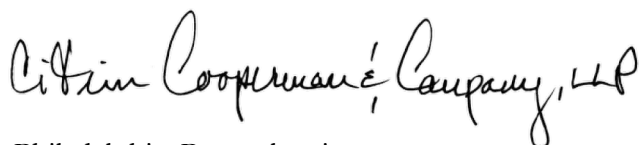
Auditor's Responsibilities for the Audit of the Financial Statements

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ReFED, 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 ReFED, 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.



Philadelphia, Pennsylvania

October 7, 2024

REFED, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 8,637,854	\$ 1,712,425
Contributions receivable	1,190,000	2,015,000
Sponsorships receivable	-	32,500
Accounts receivable	29,303	54,088
Recoverable grants, net	100,000	-
Prepaid expenses	33,016	51,828
Security deposits	<u>22,290</u>	<u>22,590</u>
TOTAL ASSETS	<u>\$ 10,012,463</u>	<u>\$ 3,888,431</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 48,527	\$ 77,398
Accrued expenses and other liabilities	231,361	150,119
Deferred revenue	<u>20,961</u>	<u>76,010</u>
Total liabilities	<u>300,849</u>	<u>303,527</u>
Commitments and contingencies (Notes 4 and 8)		
Net assets:		
Without donor restrictions:		
Undesignated	6,499,300	954,841
Board designated	<u>851,769</u>	<u>835,590</u>
	7,351,069	1,790,431
With donor restrictions	<u>2,360,545</u>	<u>1,794,473</u>
Total net assets	<u>9,711,614</u>	<u>3,584,904</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,012,463</u>	<u>\$ 3,888,431</u>

See accompanying notes to financial statements.

REFED, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, support and gains:			
Contributions	\$ 7,424,809	\$ 4,161,213	\$ 11,586,022
Program service fees	121,686	-	121,686
Conferences	661,133	-	661,133
In-kind contributions	100,000	-	100,000
Net assets released from restrictions	<u>3,595,141</u>	<u>(3,595,141)</u>	<u>-</u>
Total revenue, support and gains	<u>11,902,769</u>	<u>566,072</u>	<u>12,468,841</u>
Expenses:			
Program services expenses:			
Capital and innovation	2,276,933	-	2,276,933
Data and insights	1,364,745	-	1,364,745
Business initiatives	1,085,070	-	1,085,070
Policy	<u>295,922</u>	<u>-</u>	<u>295,922</u>
Total program services expenses	<u>5,022,670</u>	<u>-</u>	<u>5,022,670</u>
Supporting services expenses:			
Management and general	856,004	-	856,004
Fundraising	<u>489,399</u>	<u>-</u>	<u>489,399</u>
Total supporting services expenses	<u>1,345,403</u>	<u>-</u>	<u>1,345,403</u>
Total expenses	<u>6,368,073</u>	<u>-</u>	<u>6,368,073</u>
Change in net assets from operating activities	5,534,696	566,072	6,100,768
Non-operating income:			
Interest income	<u>25,942</u>	<u>-</u>	<u>25,942</u>
Change in net assets	5,560,638	566,072	6,126,710
Net assets - beginning	<u>1,790,431</u>	<u>1,794,473</u>	<u>3,584,904</u>
NET ASSETS - ENDING	<u><u>\$ 7,351,069</u></u>	<u><u>\$ 2,360,545</u></u>	<u><u>\$ 9,711,614</u></u>

See accompanying notes to financial statements.

REFED, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
Contributions	\$ 2,421,723	\$ 2,420,000	\$ 4,841,723
Program service fees	58,587	-	58,587
Conferences	583,072	-	583,072
In-kind contributions	100,000	-	100,000
Net assets released from restrictions	1,744,842	(1,744,842)	-
Total revenue, support and gains	4,908,224	675,158	5,583,382
Expenses:			
Program services expenses:			
Capital and innovation	1,162,450	-	1,162,450
Data and insights	1,300,533	-	1,300,533
Business initiatives	1,002,455	-	1,002,455
Diversity, equity, inclusion	259,832	-	259,832
Policy	51,677	-	51,677
Total program services expenses	3,776,947	-	3,776,947
Supporting services expenses:			
Management and general	699,202	-	699,202
Fundraising	464,153	-	464,153
Total supporting services expenses	1,163,355	-	1,163,355
Total expenses	4,940,302	-	4,940,302
Change in net assets from operating activities	(32,078)	675,158	643,080
Non-operating income:			
Interest income	334	-	334
Change in net assets	(31,744)	675,158	643,414
Net assets - beginning	1,822,175	1,119,315	2,941,490
NET ASSETS - ENDING	\$ 1,790,431	\$ 1,794,473	\$ 3,584,904

See accompanying notes to financial statements.

REFED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>				<u>Support Services</u>			<u>Total Expenses</u>
	<u>Capital and Innovation</u>	<u>Data and Insights</u>	<u>Business Initiatives</u>	<u>Policy</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 908,340	\$ 529,865	\$ 328,012	\$ 100,927	\$ 1,867,144	\$ 353,243	\$ 302,780	\$ 2,523,167
Employee benefits	142,630	83,201	51,505	15,848	293,184	71,145	47,543	411,872
Payroll taxes	74,871	43,675	27,037	8,319	153,902	29,117	24,957	207,976
Professional fees	284,880	450,177	153,606	129,163	1,017,826	140,139	64,367	1,222,332
Accounting fees	-	-	-	-	-	89,203	-	89,203
Legal fees	38,292	706	5,063	12,014	56,075	13,192	3,530	72,797
Office expenses	29,791	66,482	30,588	16,893	143,754	63,701	29,981	237,436
Rent	9,017	5,478	10,711	-	25,206	6,320	759	32,285
Database and technology	250	171,684	250	250	172,434	-	-	172,434
Travel	20,276	13,477	79,754	12,508	126,015	72,274	15,482	213,771
Educational conferences	1,836	-	398,544	-	400,380	11,861	-	412,241
Insurance	-	-	-	-	-	5,809	-	5,809
Grants to organizations	<u>766,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>766,750</u>	<u>-</u>	<u>-</u>	<u>766,750</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,276,933</u>	<u>\$ 1,364,745</u>	<u>\$ 1,085,070</u>	<u>\$ 295,922</u>	<u>\$ 5,022,670</u>	<u>\$ 856,004</u>	<u>\$ 489,399</u>	<u>\$ 6,368,073</u>

See accompanying notes to financial statements.

REFED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>					<u>Support Services</u>		<u>Total Expenses</u>	
	<u>Capital and Innovation</u>	<u>Data and Insights</u>	<u>Business Initiatives</u>	<u>Diversity, Equity, Inclusion</u>	<u>Policy</u>	<u>Total Program Services</u>	<u>Management and General</u>		<u>Fundraising</u>
Salaries and wages	\$ 460,673	\$ 482,610	\$ 460,673	\$ 153,558	\$ -	\$ 1,557,514	\$ 307,116	\$ 329,053	\$ 2,193,683
Employee benefits	73,459	77,267	73,458	24,986	-	249,170	67,010	52,470	368,650
Payroll taxes	37,904	39,709	37,903	12,634	-	128,150	25,269	27,074	180,493
Professional fees	259,380	453,843	154,028	43,157	33,656	944,064	98,832	26,289	1,069,185
Accounting fees	-	-	-	-	-	-	79,800	-	79,800
Legal fees	24,500	4,913	-	-	-	29,413	11,926	-	41,339
Office expenses	20,920	57,711	36,896	11,793	11,793	139,113	38,300	24,232	201,645
Rent	12,786	6,393	13,406	10,503	-	43,088	750	1,827	45,665
Database and technology	200	150,810	200	200	200	151,610	-	-	151,610
Travel	7,628	27,277	74,003	3,001	6,028	117,937	56,008	3,208	177,153
Educational conferences	-	-	151,888	-	-	151,888	11,692	-	163,580
Insurance	-	-	-	-	-	-	2,499	-	2,499
Grants to organizations	<u>265,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,000</u>	<u>-</u>	<u>-</u>	<u>265,000</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,162,450</u>	<u>\$ 1,300,533</u>	<u>\$ 1,002,455</u>	<u>\$ 259,832</u>	<u>\$ 51,677</u>	<u>\$ 3,776,947</u>	<u>\$ 699,202</u>	<u>\$ 464,153</u>	<u>\$ 4,940,302</u>

See accompanying notes to financial statements.

REFED, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,126,710	\$ 643,414
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for doubtful accounts	287,750	100,000
Changes in operating assets and liabilities:		
Contributions receivable	825,000	(1,890,000)
Sponsorship receivable	32,500	(32,500)
Accounts receivable	24,785	65,912
Recoverable grants	(387,750)	(100,000)
Security deposits	300	(20,501)
Prepaid expenses	18,812	(23,658)
Accounts payable	(28,871)	(43,141)
Accrued expenses and other liabilities	81,242	68,549
Deferred revenue	<u>(55,049)</u>	<u>(25,604)</u>
Net cash provided by (used in) operating activities	<u>6,925,429</u>	<u>(1,257,529)</u>
Net increase (decrease) in cash and cash equivalents	6,925,429	(1,257,529)
Cash and cash equivalents - beginning	<u>1,712,425</u>	<u>2,969,954</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 8,637,854</u>	<u>\$ 1,712,425</u>

See accompanying notes to financial statements.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. **PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

ReFED, Inc. (the "Organization") is a national nonprofit that catalyzes the food system toward evidence-based action to stop wasting food - for the climate, environment, people, and the economy. The Organization leverages data and insights to highlight supply chain inefficiencies and economic opportunities; mobilize and connect supporters to take targeted action; and catalyze capital to spur innovation and scale high-impact initiatives. The Organization's vision is a sustainable, resilient, and inclusive food system that makes the best use of the food we grow. The Organization is mainly funded through contributions and grants. The Organization is organized as a nonprofit, nonstock corporation in the state of Delaware and operates nationally, including as a registered charity in New York and California. The Organization incorporated in July 2018 and is recognized by the Internal Revenue Services ("IRS") as a 501(c)3 charitable organization.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for future operating needs.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Credit Policies

Contributions and sponsorships receivable consist primarily of noninterest-bearing amounts due for contributions and sponsorships. Accounts receivable consist primarily of noninterest-bearing amounts due for program services provided. The Organization determines the allowance for uncollectible receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At December 31, 2023, 2022 and 2021, program service receivables were \$29,303, \$54,088 and \$120,000, respectively. Receivables are written off when deemed uncollectible. At December 31, 2023 and 2022, there was no allowance for uncollectible amounts.

Recoverable Grants and Allowance for Doubtful Accounts

Recoverable grants are stated at the amount the Organization expects to collect. The Organization maintains allowances for doubtful accounts, and changes in the allowance are included in capital and innovation expense in the statements of activities. The Organization assesses collectability by reviewing recoverable grants and its contract assets on a collective basis where similar risk characteristics exist. In determining the allowance for doubtful accounts, management considers historical collectability and makes judgments about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for doubtful accounts. Uncollectible accounts are written off when all collection efforts have been exhausted

Under the prior accounting rules, the Organization evaluated the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms.

As of December 31, 2023 and 2022, recoverable grants were \$387,750 and \$100,000, respectively. At December 31, 2023 and 2022, the allowance for doubtful accounts totaled \$287,750 and \$100,000, respectively.

The allowance for doubtful accounts for the years ended December 31, 2023 and 2022 is comprised of the following:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 100,000	\$ -
Provisions	<u>187,750</u>	<u>100,000</u>
Allowance for doubtful accounts	<u>\$ 287,750</u>	<u>\$ 100,000</u>

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. **PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

Program service and conference revenue

The Organization applies the provisions of Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under ASC 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Organization's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Organization determines the transaction price based on contractually agreed upon rates, adjusted for any variable consideration, if any.

Program services are offered by the Organization throughout the course of the year. Revenues from these services are recognized over time as services are rendered. Conference and sponsorship revenue is recognized over the period the event takes place.

Contributions

Contribution revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. Expenses are reported as decreases in net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Contract Liabilities

Contract liabilities include event and sponsorship payments received in advance of the event. Contract liabilities are presented as "Deferred revenue" on the accompanying statements of financial position. Deferred revenue amounted to \$20,961, \$76,010 and \$101,614 as of December 31, 2023, 2022 and 2021, respectively.

Donated Services and In-Kind Contributions

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and employee benefits	Time and effort
Rent	Time and effort

Income Taxes

The Organization is organized as a Delaware nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and cash equivalents with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed the Federal Deposit Insurance Corporation (the "FDIC") insurance limits or include uninsured investments in money market mutual funds. As of December 31, 2023 and 2022, cash amounts on hand exceeded the FDIC limit of \$250,000.

The Organization has not experienced losses in any of these accounts. Credit risk associated with contributions and accounts receivable is considered to be limited due to assessed collectibility because substantial portions of the outstanding amounts are due from organizations supportive of its mission.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. **PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial Instruments and Credit Risk (Continued)

As of December 31, 2023, two grantors accounted for 63% and 17% of the Organization's contributions receivable. As of December 31, 2023, one customer accounted for 100% of the Organization's accounts receivable. For the year ended December 31, 2023, one grantor accounted for 43% of the Organization's contribution revenue, and one customer accounted for 96% of the Organization's program service fee revenue.

As of December 31, 2022, three grantors accounted for 55%, 25%, and 12% of the Organization's contributions receivable. For the year ended December 31, 2022, two grantors accounted for 33% and 21% of the Organization's contribution revenue, and one customer accounted for 92% of the Organization's program service fee revenue.

Recently Adopted Accounting Pronouncements

In June 2016, FASB issued ASU No. 2016-03, *Financial Instruments-Credit Losses (Topic 326)* ("ASC 326"), along with subsequently issued related ASUs, which requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired. The Organization's financial instruments include recoverable grants. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The Organization's financial instruments subject to ASC 326 include cash equivalents, accounts receivable and recoverable grants. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The Organization adopted ASC 326 using the modified retrospective method at January 1, 2023, and it did not have a material impact on the financial statements.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the current year's presentation. These reclassification adjustments had no effect on the Organization's previously reported change in net assets.

Subsequent Events

The Organization has evaluated subsequent events through October 7, 2024, the date on which the financial statements were available to be issued. The Organization is not aware of any material events that require recognition or disclosure in the accompanying financial statements.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 8,637,854	\$ 1,712,425
Contributions receivable	1,190,000	2,015,000
Sponsorships receivable	-	32,500
Accounts receivable	29,303	54,088
Recoverable grants, net	<u>100,000</u>	<u>-</u>
Total financial assets at year end	<u>9,957,157</u>	<u>3,814,013</u>
Less: amounts not available to be used within one year designated by the board for operating reserves	851,769	835,590
Net assets with donor restrictions	<u>1,740,545</u>	<u>1,194,473</u>
Financial assets not available to be used within one year	<u>2,592,314</u>	<u>2,030,063</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 7,364,843</u>	<u>\$ 1,783,950</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

NOTE 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are estimated to be collected as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 1,090,000	\$ 1,515,000
In one to five years	<u>100,000</u>	<u>500,000</u>
	<u>\$ 1,190,000</u>	<u>\$ 2,015,000</u>

NOTE 4. LEASES

The Organization leases office and storage space under various operating leases. All lease agreements are cancelable within 30 days notification.

The Organization leases office space on a month-to-month basis for \$600 per month. Rent expense paid under this arrangement totaled \$7,200 for the year ended December 31, 2023.

Total rent expense was \$32,285 and \$45,665 for the years ended December 31, 2023 and 2022, respectively.

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NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Data and insights	\$ 406,180	\$ -
Catalytic grant fund	1,148,766	647,500
Business initiatives	-	-
Policy	-	46,973
Capital and innovation	<u>85,599</u>	<u>-</u>
	1,640,545	694,473
Subject to the passage of time	<u>720,000</u>	<u>1,100,000</u>
	<u>\$ 2,360,545</u>	<u>\$ 1,794,473</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Expiration of time restrictions	\$ <u>600,000</u>	\$ <u>100,000</u>
Satisfaction of purpose restrictions:		
Data and insights	1,004,320	1,044,315
Catalytic grant fund	1,048,734	407,500
Business initiatives	280,000	-
Policy	196,974	3,027
Capital and innovation	<u>465,113</u>	<u>190,000</u>
	<u>2,995,141</u>	<u>1,644,842</u>
Total	<u>\$ 3,595,141</u>	<u>\$ 1,744,842</u>

NOTE 6. DONATED PROFESSIONAL SERVICES

The Organization received donated consulting services valued at \$100,000 for each of the years ended December 31, 2023 and 2022, related to the Data and Insights program, which is reported as a component of "Database and technology" in the accompanying statements of functional expenses. Donated services are valued at the standard hourly rates charged for those services.

NOTE 7. EMPLOYEE BENEFITS

The Organization participates in a multiple employer 401(k) plan. The plan provides that employees who have attained the age of 21 and completed three months of service may voluntarily contribute up to the maximum contribution allowed by the IRS. The Organization will also provide a matching contribution up to 4% of eligible compensation. For the years ended December 31, 2023 and 2022, the Organization made matching contributions of \$86,134 and \$64,912, respectively.

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NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

The Organization also participates in a Registered Retirement Savings Plan for one employee located in Canada. For the years ended December 31, 2023 and 2022, the Organization made contributions of \$3,890 and \$1,937, respectively.

NOTE 8. CONTINGENCIES

The Organization may be subject to legal action or claims in the ordinary course of its business. Management is not aware of any current legal matters pending which would have a material adverse impact on the financial statements of the Organization.