KITCHENS FOR GOOD

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Leaf & Cole, LLP
Certified Public Accountants

KITCHENS FOR GOOD, INC.
FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Kitchens For Good, Inc.

We have audited the accompanying financial statements of Kitchens For Good, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Kitchens For Good, Inc. as of June 30, 2025 and 2024, 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 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 Kitchens For Good, 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 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 Kitchens For Good, 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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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 Kitchens For Good, 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 Kitchens For Good, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, on our consideration of Kitchens For Good, 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 Kitchens For Good, 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 Kitchens For Good, Inc.'s internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
December 18, 2025

KITCHENS FOR GOOD, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS

	2025	2024
Current Assets: (Notes 2, 4 and 7)		
Cash and cash equivalents	$ 1,504,801	$ 625,338
Accounts receivable	1,034,502	628,422
Contributions receivable	203,029	524,443
Inventory	121,280	59,068
Prepaid expenses	43,326	56,286
Total Current Assets	2,906,938	1,893,557
Noncurrent Assets: (Notes 2, 5, 6, 7 and 9)		
Contributions receivable, net	138,155	300,000
Right-of-use asset - operating lease	1,609,564	1,863,697
Property and equipment, net	602,732	574,653
Intangible assets, net	10,670	40,743
Deposit	15,741	15,741
Total Noncurrent Assets	2,376,862	2,794,834
TOTAL ASSETS	$ 5,283,800	$ 4,688,391

LIABILITIES AND NET ASSETS

Current Liabilities: (Notes 2, 7 and 9)		
Accounts payable and accrued expenses	$ 636,760	$ 210,337
Deferred revenue	197,940	-
Operating lease liability	268,941	254,103
Current portion of note payable, net	372,029	492,036
Total Current Liabilities	1,475,670	956,476
Noncurrent Liabilities: (Notes 2, 7 and 9)		
Operating lease liability, net of current portion	1,466,025	1,730,966
Total Noncurrent Liabilities	1,466,025	1,730,966
Total Liabilities	2,941,695	2,687,442
Commitments: (Note 9)		
Net Assets: (Notes 2 and 8)		
Without Donor Restrictions	2,020,369	1,251,102
With Donor Restrictions:		
Purpose restrictions	33,581	122,947
Time restrictions	288,155	626,900
Total Net Assets With Donor Restrictions	321,736	749,847
Total Net Assets	2,342,105	2,000,949
TOTAL LIABILITIES AND NET ASSETS	$ 5,283,800	$ 4,688,391

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

KITCHENS FOR GOOD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Grants and contributions	$ 4,256,973	$ 33,581	$ 4,290,554	$ 3,105,053	$ 666,000	$ 3,771,053
Food revenue	2,786,872	-	2,786,872	168,315	-	168,315
Resale revenue	619,424	-	619,424	498,412	-	498,412
In-kind contributions	564,476	-	564,476	491,247	-	491,247
Staffing revenue	247,596	-	247,596	704,464	-	704,464
Other revenue	6,947	-	6,947	12,045	-	12,045
Interest income	-	-	-	11,483	-	11,483
Net assets released from restrictions	461,692	(461,692)	-	137,480	(137,480)	-
Total Revenue and Support	8,943,980	(428,111)	8,515,869	5,128,499	528,520	5,657,019
Expenses:						
Program Services:						
Project Kitchen	2,710,160	-	2,710,160	152,926	-	152,926
Project Launch	2,562,290	-	2,562,290	2,045,620	-	2,045,620
The SHOP	1,226,764	-	1,226,764	1,076,341	-	1,076,341
WORKS	389,511	-	389,511	824,665	-	824,665
Total Program Services	6,888,725	-	6,888,725	4,099,552	-	4,099,552
Supporting Services:						
Management and general	810,502	-	810,502	875,341	-	875,341
Fundraising	475,486	-	475,486	475,549	-	475,549
Total Supporting Services	1,285,988	-	1,285,988	1,350,890	-	1,350,890
Total Expenses	8,174,713	-	8,174,713	5,450,442	-	5,450,442
Change in Net Assets	769,267	(428,111)	341,156	(321,943)	528,520	206,577
Net Assets at Beginning of Year	1,251,102	749,847	2,000,949	1,573,045	221,327	1,794,372
NET ASSETS AT END OF YEAR	$ 2,020,369	$ 321,736	$ 2,342,105	$ 1,251,102	$ 749,847	$ 2,000,949

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

KITCHENS FOR GOOD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services					Supporting Services			
	Project Kitchen	Project Launch	The SHOP	WORKS	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and Related Expenses:									
Personnel	$ 837,885	$ 1,111,584	$ 247,082	$ 106,536	$ 2,303,087	$ 431,713	$ 336,306	$ 768,019	$ 3,071,106
Staffing agency wages	13,829	15,953	1,134	46,829	77,745	591	604	1,195	78,940
Employee personnel costs	149,639	205,359	48,148	23,487	426,633	99,722	56,558	156,280	582,913
Staffing agency personnel costs	103,562	74,066	9,364	182,630	369,622	-	148	148	369,770
Total Salaries and Related Expenses	1,104,915	1,406,962	305,728	359,482	3,177,087	532,026	393,616	925,642	4,102,729
Nonsalary Related Expenses:									
Apprentice stipends	-	202,103	-	87	202,190	-	-	-	202,190
Apprentice support	456	180,143	424	-	181,023	-	-	-	181,023
Bad debt	-	-	-	-	-	10,043	-	10,043	10,043
Bank service charges	159	540	19,545	545	20,789	3,675	-	3,675	24,464
Computer and internet	1,774	24,944	2,700	1,092	30,510	9,285	1,542	10,827	41,337
Depreciation and amortization	3,447	131,437	4,123	4,421	143,428	20,114	2,588	22,702	166,130
Dues and subscriptions	18	8,772	2,980	700	12,470	3,605	4,426	8,031	20,501
Employee benefits	-	-	-	-	-	5,080	-	5,080	5,080
Food and beverage	1,354,166	118,880	18,745	-	1,491,791	1,257	9,478	10,735	1,502,526
Insurance	-	-	-	-	-	39,526	-	39,526	39,526
Interest expense	-	-	-	-	-	19,397	-	19,397	19,397
Kitchen supplies	177,084	126,845	8,743	-	312,672	3,745	29,482	33,227	345,899
Marketing	220	6,208	2,399	-	8,827	22,646	11,366	34,012	42,839
Meals and transportation	6,359	11,928	496	118	18,901	2,251	2,462	4,713	23,614
Occupancy expenses	12,965	161,581	234,451	-	408,997	5,657	-	5,657	414,654
Office supplies	2,322	14,044	4,914	8	21,288	17,474	153	17,627	38,915
Packaging and delivery	3,715	-	32,742	-	36,457	-	-	-	36,457
Professional fees	5,776	95,830	-	748	102,354	75,727	16,785	92,512	194,866
Repairs and maintenance	27,651	61,209	4,543	124	93,527	1,799	-	1,799	95,326
Resale goods	-	-	565,290	-	565,290	-	-	-	565,290
Software	9,133	10,864	18,941	22,186	61,124	37,195	3,588	40,783	101,907
Total Nonsalary Related Expenses	1,605,245	1,155,328	921,036	30,029	3,711,638	278,476	81,870	360,346	4,071,984
Total Expenses	$ 2,710,160	2,562,290	$ 1,226,764	$ 389,511	$ 6,888,725	$ 810,502	$ 475,486	$ 1,285,988	$ 8,174,713

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

KITCHENS FOR GOOD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services			
	Project Kitchen	Project Launch	The SHOP	WORKS	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and Related Expenses:									
Personnel	$ 65,267	$ 946,653	$ 209,381	$ 165,153	$ 1,386,454	$ 484,058	$ 355,145	$ 839,203	$ 2,225,657
Staffing agency wages	6,697	3,189	8,228	480,426	498,540	-	1,076	1,076	499,616
Employee personnel costs	10,250	157,043	42,992	43,551	253,836	106,774	68,864	175,638	429,474
Staffing agency personnel costs	1,128	360	1,251	81,200	83,939	-	171	171	84,110
Total Salaries and Related Expenses	83,342	1,107,245	261,852	770,330	2,222,769	590,832	425,256	1,016,088	3,238,857
Nonsalary Related Expenses:									
Apprentice stipends	-	204,670	-	-	204,670	-	-	-	204,670
Apprentice support	-	106,984	702	19,630	127,316	330	-	330	127,646
Bank service charges	-	-	15,383	1,148	16,531	4,620	-	4,620	21,151
Computer and internet	187	4,147	3,656	936	8,926	10,653	562	11,215	20,141
Depreciation and amortization	-	135,343	6,492	6,528	148,363	12,577	2,993	15,570	163,933
Dues and subscriptions	-	4,697	1,616	1,300	7,613	3,873	1,516	5,389	13,002
Food and beverage	42,666	136,894	11,929	79	191,568	2,450	1,442	3,892	195,460
Insurance	-	-	-	-	-	33,655	-	33,655	33,655
Interest expense	-	-	-	-	-	31,146	-	31,146	31,146
Kitchen supplies	5,064	102,927	8,290	-	116,281	883	459	1,342	117,623
Marketing	307	2,539	3,306	522	6,674	34,231	510	34,741	41,415
Meals and transportation	1,006	3,111	931	592	5,640	1,591	715	2,306	7,946
Occupancy expenses	14,820	137,144	216,352	275	368,591	25,059	76	25,135	393,726
Office supplies	20	1,157	4,337	65	5,579	18,577	540	19,117	24,696
Packaging and delivery	2,755	-	29,919	-	32,674	40	-	40	32,714
Professional fees	-	72,354	-	1,900	74,254	68,387	28,638	97,025	171,279
Repairs and maintenance	470	20,281	6,030	-	26,781	-	-	-	26,781
Resale goods	-	-	486,841	-	486,841	-	1,080	1,080	487,921
Software	2,289	6,127	18,705	21,360	48,481	36,437	11,762	48,199	96,680
Total Nonsalary Related Expenses	69,584	938,375	814,489	54,335	1,876,783	284,509	50,293	334,802	2,211,585
Total Expenses	$ 152,926	2,045,620	$ 1,076,341	$ 824,665	$ 4,099,552	$ 875,341	$ 475,549	$ 1,350,890	$ 5,450,442

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

KITCHENS FOR GOOD, INC.
STATEMENTS OF CASH FLOWS
JUNE 30, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities:		
Change in net assets	$ 341,156	$ 206,577
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	125,814	123,010
Amortization	30,073	40,924
Amortization of debt issuance costs	10,243	9,490
Amortization of right-of-use asset - operating lease	254,133	250,666
(Increase) Decrease in:		
Accounts receivable	(406,080)	150,831
Contributions receivable	483,259	(824,443)
Inventory	(62,212)	2,022
Prepaid expenses	12,960	(11,391)
Increase (Decrease) in:		
Accounts payable and accrued expenses	426,423	(3,361)
Deferred revenue	197,940	(107,262)
Operating lease liability	(250,103)	(239,912)
Net Cash Provided by (Used in) Operating Activities	1,163,606	(402,849)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(153,893)	-
Net Cash Used in Investing Activities	(153,893)	-
Cash Flows From Financing Activities:		
Payments for financing costs	(30,250)	-
Proceeds from notes payable	400,000	150,000
Payments on notes payable	(500,000)	-
Net Cash (Used in) Provided by Financing Activities	(130,250)	150,000
Net Increase (Decrease) in Cash and Cash Equivalents	879,463	(252,849)
Cash and Cash Equivalents at Beginning of Year	625,338	878,187
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,504,801	$ 625,338
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 21,366	$ 21,656
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 308,903	$ 290,298

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

KITCHENS FOR GOOD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 1 - Organization:

Kitchens For Good, Inc. (the "Organization") is a California Non-Profit Organization incorporated in 2014. Located in San Diego, California, the Organization's mission is to use food to transform lives and nourish communities by providing people with the skills and support to launch meaningful careers.

The following is a brief description of the Organization's programs:

Project Kitchen: This program contains the Organization's revenue-generating food enterprises, which provide paid on-the-job training hours to the apprentices. This program currently includes a meal contract with the County of San Diego to serve two Juvenile Detention facilities, and a concession contract at The Rady Shell at Jacobs Park concert venue in San Diego.

Project Launch: Our tuition-free, California State Certified, Apprenticeship programs help individuals facing barriers to employment gain the skills needed to create sustainable careers. The Organization offers support services to the apprentices for the duration of their journey. The Organization also offers a microenterprise program that helps create a more inclusive and robust food system in San Diego by supporting individuals from diverse backgrounds as they build and grow small businesses. This program connects low-to-moderate-income San Diego residents to the critical support they need to succeed.

The SHOP: This is a retail store that resells donated gently-used (and new or never used) kitchenware, cookware, dinnerware, select home décor, and specialty items made by social enterprises, mission-aligned partners, current/former apprentices or microenterprise participants.

WORKS: This program launched in April 2022 and is a staffing social enterprise that builds a bridge between individuals facing barriers to employment and San Diego's robust hospitality industry by placing the Organization's apprentices into jobs. It provides human resources and support services to our apprentices and mitigates the challenges of onboarding for our employer partners. This program was suspended in May 2025 as the Organization shifted to direct-to-hire placements and internal on-the-job training opportunities.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- 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.

Note 2 - Significant Accounting Policies: (Continued)

Estimates

The preparation of financial statements in conformity 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.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at June 30, 2025 and 2024.

Inventory

Inventory consists of raw food, cooking ingredients, and donated kitchenware, cookware, dinnerware, décor, and other specialty items. Inventory is valued at the lower of cost or market using the first-in, first-out (FIFO) method, net realizable value or the current average price and publicly available website for similar items, and totaled $121,280 and $59,068 at June 30, 2025 and 2024, respectively.

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses on accounts receivable to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the statement of financial position date, aging reports and historical information. Accounts receivable are written off when the Organization determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Management believes that all accounts receivable were fully collectible; therefore, no allowance for credit losses on accounts receivable were recorded at June 30, 2025 and 2024.

Allowance for Uncollectible Contributions Receivable

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding contributions receivable. Management believes that all contributions receivable were fully collectible; therefore, no allowance for uncollectible contributions receivable was recorded at June 30, 2025 and 2024.

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of $2,500 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Furniture and equipment	5 - 10 years
Vehicles	5 years
Leasehold improvements	5 - 9 years

Depreciation totaled $125,814 and $123,010 for the years ended June 30, 2025 and 2024, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Intangible Assets

Intangible assets consist of costs related to the purchase and implementation of software and is amortized on the straight-line method over the estimated useful life of three years. Amortization totaled $30,073 and $40,924 for the years ended June 30, 2025 and 2024, respectively.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain financing for the Organization. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized debt issuance costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense, and totaled $10,243 and $9,490 for the years ended June 30, 2025 and 2024, respectively.

Compensated Absences

Accumulated unpaid vacation totaling $61,088 and $48,191 at June 30, 2025 and 2024, respectively, is accrued when incurred and included in accounts payable and accrued expenses.

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition

Grant revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant. Accounts receivable are recorded when revenue earned under a grant exceeds the cash received. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned. Deferred revenue totaled $197,940 and $-0- at June 30, 2025 and 2024, respectively.

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Meal contracts, food revenue and staffing revenue is recorded as revenue in the period that the services are provided.

Sales revenue is recognized when the sale occurs.

Donated Services and Materials

The Organization received the following in-kind contributions for the years ended June 30:

	2025	2024
Resale items	$ 560,936	$ 488,182
Legal Services	3,540	3,065
Total In-kind Contributions	$ 564,476	$ 491,247

Contributed resale items received by the Organization are recorded as in-kind contribution revenue with a corresponding increase to inventory. It is the Organization's policy to sell these donated items at its Thrift Shop with gross proceeds used to support ongoing program activities. The Organization values the inventory using the current average price located on a publicly available website for similar items if a group of items are donated.

The Organization received legal services that are reported using the current rates for similar legal services. The services were used for administrative purposes.

Donated Services and Materials

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services by volunteers for the years ended June 30, 2025 and 2024 did not meet the requirements above, therefore, no amounts were recognized in the financial statements for volunteer time.

Note 2 - Significant Accounting Policies: (Continued)

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or supporting service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by Kitchens For Good's management.

Income Taxes

The Organization is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is not a private foundation.

The Organization's Return of Organization Exempt from Income Tax for the years ended June 30, 2025, 2024, 2023 and 2022 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use to be cash equivalents.

Lease

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets–operating and lease liability–operating, and finance leases are included in right-of-use ("ROU") assets–financing and lease liability–financing in the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Note 2 - Significant Accounting Policies: (Continued)

Subsequent Events

The Organization has evaluated subsequent events through December 18, 2025, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed, except as disclosed in Note 10.

Reclassification

The Organization has reclassified certain prior year information to conform with the current year presentation.

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization considers contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support those activities, to be general expenditures.

Financial assets available for general expenditure—that is, without donor or other restrictions limiting their use—within one year, are comprised of the following at June 30:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 1,504,801	$ 625,338
Accounts receivable	1,034,502	628,422
Contributions receivable	203,029	524,443
Financial assets available to meet cash needs for general expenditures within one year	$ 2,742,332	$ 1,778,203

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization has a note payable agreement with available borrowings totaling $1,000,000 as described in Note 7. In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Contributions Receivable:

Contributions receivable consist of the following at June 30:

	2025	2024
Receivables due in less than one year	$ 203,029	$ 524,443
Receivables due in one to five years	150,000	300,000
Total Contributions Receivable	353,029	824,443
Less: Discount to present value	(11,845)	-
Contributions Receivable, Net	$ 341,184	$ 824,443

Contributions receivable have been discounted to their present value using a discount rate of 3.72% and 0% for the years ended June 30, 2025 and 2024, respectively.

Note 5 - Property and Equipment:

Property and equipment consist of the following at June 30:

	2025	2024
Furniture and equipment	$ 260,374	$ 126,350
Vehicles	-	25,015
Leasehold improvements	868,344	868,344
Subtotal	1,128,718	1,019,709
Less: Accumulated depreciation	(525,986)	(445,056)
Property and Equipment, Net	$ 602,732	$ 574,653

Note 6 - Intangible Assets:

Intangible assets consist of the following at June 30:

	2025	2024
Software	$ 118,090	$ 118,090
Less: Accumulated amortization	(107,420)	(77,347)
Intangible Assets, Net	$ 10,670	$ 40,743

Note 7 - Note Payable:

Note payable consist of the following at June 30:

	2025	2024
Note payable to REDF Impact Investing Fund ("RIIF") in the original amount of $1,000,000. Advances may be made up to the maximum principal amount of $1,000,000 or 80% of the total account of accounts receivable, less ineligible amounts. Payable in monthly interest only payments at 4.75%. At least once after the date of the first advance, during each twelve-month period during the term of the loan, the outstanding principal balance of the loan must be paid in full for a period of fifteen business days. Due May 9, 2027. On the maturity date, the entire outstanding principal balance plus all accrued and unpaid interest shall be due and payable in full. Secured by the Organization's assets.	$ 400,000	$ -
Note payable to REDF Impact Investing Fund ("RIIF") in the original amount of $500,000. Payable in monthly interest only payments at 6.75%, due May 30, 2025. No less than one time during the term of the loan, the Organization is obligated to pay down the loan in full for a period of 15 business days. Secured by the Organization's assets.	-	500,000
Total Notes Payable	400,000	500,000
Less: Unamortized debt issuance costs	(27,971)	(7,964)
Notes Payable, Net	$ 372,029	$ 492,036

Note 7 - Note Payable: (Continued)

Debt issuance costs total $30,250 and $19,000, less accumulated amortization of $2,279 and $11,036 at June 30, 2025 and 2024, respectively.

Future principal payments on the notes payable are as follows:

Year Ended June 30	
2026	$ 400,000
Total	$ 400,000

Note 8 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Organization, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30:

	2025	2024
Subject to Expenditure for Specified Purpose:		
Project Launch	$ 20,000	$ 100,109
Opportunity Youth	13,581	-
Special event sponsorship	-	22,838
Total Subject to Expenditure For Specified Purpose	33,581	122,947
Subject to the Passage of Time:		
Contributions receivable	288,155	626,900
Total Net Assets with Donor Restrictions	$ 321,736	$ 749,847

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the years ended June 30:

	2025	2024
Purpose Restrictions Accomplished:		
Project Launch	$ 100,109	$ 127,268
Special event sponsorship	22,838	10,212
Time Restrictions Fulfilled	338,745	-
Total Net Assets Released From Restrictions	$ 461,692	$ 137,480

Note 9 - Commitments:

Employee Benefit Plan

The Organization has a 403(b) Plan (the "Plan") covering full-time employees. Employees may defer a percentage of their annual compensation, not to exceed the annual amount allowed by law. The Organization may make a discretionary matching contribution equal to a uniform percentage or dollar amount of the employee deferrals. Discretionary matching contributions to the Plan totaled $36,005 and $34,305 for the years ended June 30, 2025 and 2024, respectively.

Note 9 - Commitments: (Continued)

Catering and Concessionaire Services

The Organization entered into a Subcontract Agreement ("Agreement") with Service America Corporation dba Centerplate ("Centerplate") for the period May 7, 2021 through May 6, 2022, and subsequently renewed. The Organization pays to Centerplate a commission of 10% of monthly gross receipts on income generated from its concessionaire services at the Shell Amphitheatre located at 1245 Seventh Avenue, San Diego, California. License fees under this Agreement totaled $10,415 and $14,820 for the years ended June 30, 2025 and 2024, respectively. The agreement was terminated effective December 31, 2024.

Operating Leases

On December 31, 2019, the Organization entered into a five-year lease agreement with the Salvation Army for kitchen and classroom space under a five-year non-cancellable operating lease and renewed through August 31, 2029. Rent payments were abated through September 1, 2020. Monthly rent payments of $6,500 began on September 1, 2020. The Organization received abated rent in February and March 2024 for flood damage to the property. Rent expense totaled $65,000 for each of the years ended June 30, 2025 and 2024, respectively, and is included in occupancy expense.

On November 1, 2021, the Organization entered into a five-year, four-month lease agreement with Frazee Pacific Beach Properties, Ltd. for retail space located at 980 Hornblend Street in San Diego. Rent payments were abated through March 1, 2022. Monthly rent payments of $14,575 began on March 1, 2022, and increase by 3% annually on May 1st. Rent expense totaled $187,405 and $181,948 for the years ended June 30, 2025 and 2024, respectively, and is included in occupancy expense.

On December 1, 2022, the Organization entered into two three-year half-month lease agreements with Old Town Retail, LLC for retail/restaurant and office space located at 2474 San Diego Avenue, Suite C and 200 in San Diego. Monthly rent began on December 15, 2022. Payments are $1,817 and $1,650 per month, increasing by three percent per year, and the space will be used for the baking apprenticeship program. Rent expense totaled $43,498 and $42,231 for the years ended June 30, 2025 and 2024, respectively, and is included in occupancy expense.

The following summarizes the line items on the statement of financial position for the operating lease at June 30:

	2025	2024
Operating lease right-of-use asset	$ 1,605,564	$ 1,863,697
Operating lease liability - current portion	$ 268,941	$ 254,103
Operating lease liability - noncurrent portion	1,462,025	1,730,966
Total Operating Lease Liability	$ 1,730,966	$ 1,985,069

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2025	2024
Weighted average remaining lease term - Operating	65 months	77 months
Weighted average discount rate	2.98%	2.98%

Note 9 - Commitments: (Continued)

Operating Leases (Continued)

The following summarizes the line items in the statements of activities which include the components of lease expense for the years ended June 30:

	2025	2024
Rent expense	$ 308,903	$ 289,180
Total Lease Cost	$ 308,903	$ 289,180

The following summarizes cash flow information related to leases for the years ended June 30:

	2025	2024
Operating cash flows from operating leases	$ 308,903	$ 290,298

The following is a schedule of future minimum lease payments under the lease:

Years Ended June 30	
2026	$ 315,827
2027	322,965
2028	330,316
2029	313,045
2030	232,204
Thereafter	302,058
Total	1,816,618
Less: Discount	(85,652)
Present Value of Lease Liabilities	$ 1,730,966

Note 10 - Subsequent Events:

Subsequent to June 30, 2025, the Organization entered into a Purchase and Sale Agreement to purchase real property for approximately $6,200,000. The acquisition will be financed through two program-related investment (PRI) loans totaling $6,200,000, consisting of one loan for $5,000,000 and another for $1,200,000. This transaction occurred subsequent year-end, and does not impact the financial position as of June 30, 2025.

Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

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
Kitchens For Good, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kitchens For Good, Inc., which comprise the statement of financial position as of June 30, 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 December 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kitchens For Good, Inc.'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 Kitchens For Good, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Kitchens For Good, Inc.'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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kitchens For Good, Inc.'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.

Leaf & Cole LLP

San Diego, California
December 18, 2025