



# **LA COCINA VA** **(doing business as Kitchen of Purpose)**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2023

(With Summarized Comparative Information for the Year Ended December 31, 2022)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
La Cocina VA  
d/b/a Kitchen of Purpose  
Arlington, VA

### Opinion

We have audited the accompanying financial statements of La Cocina VA, doing business as Kitchen of Purpose, (the Organization), which comprise the statement of financial position as of December 31, 2023, 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 the Organization as of December 31, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**HAN GROUP LLC**  
Washington, DC  
August 22, 2024

**LA COCINA VA**  
**d/b/a Kitchen of Purpose**  
Statement of Financial Position  
December 31, 2023  
(With Summarized Comparative Information for 2022)

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash	\$ 579,961	\$ 1,080,904
Grants and contributions receivable	49,997	43,957
Property and equipment, net	1,400,080	1,574,161
Right-of-use assets – operating leases	617,702	708,894
Other assets	<u>10,506</u>	<u>10,506</u>
Total assets	<u>\$ 2,658,246</u>	<u>\$ 3,418,422</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 56,349	\$ 29,158
Accrued interest	11,300	19,249
Note payable	373,692	516,730
Federal loans payable	299,600	299,600
Operating lease liability	<u>758,460</u>	<u>858,579</u>
Total liabilities	<u>1,499,401</u>	<u>1,723,316</u>
<b>Net Assets</b>		
Without donor restrictions	907,971	1,313,250
With donor restrictions	<u>250,874</u>	<u>381,856</u>
Total net assets	<u>1,158,845</u>	<u>1,695,106</u>
Total liabilities and net assets	<u>\$ 2,658,246</u>	<u>\$ 3,418,422</u>

**LA COCINA VA**  
**d/b/a Kitchen of Purpose**  
Statement of Activities  
Year Ended December 31, 2023  
(With Summarized Comparative Information for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue and Support</b>				
Grants and contributions of cash and other financial assets	\$ 361,259	\$ 475,800	\$ 837,059	\$ 800,798
Government grants	29,219	345,163	374,382	127,019
Café and catering service income:				
Café sales and catering services	97,364	-	97,364	66,596
Less: cost of goods sold	(35,885)	-	(35,885)	(39,611)
Net café and catering service income	61,479	-	61,479	26,985
Program service income	690	-	690	2,100
Kitchen rentals and other income	100,752	-	100,752	30,263
Net assets released from restrictions:				
Satisfaction of purpose restrictions	17,500	(17,500)	-	-
Expiration of time restrictions	934,445	(934,445)	-	-
Total revenue and support	1,505,344	(130,982)	1,374,362	987,165
<b>Expenses</b>				
Program services:				
Training and Workforce Development	587,618	-	587,618	250,815
Café and Catering Operations	394,180	-	394,180	321,156
Food Assist	187,291	-	236,636	67,047
Small Business Incubator	203,104	-	203,104	156,635
Total program services	1,416,538	-	1,416,538	795,653
Supporting services:				
Management and general	280,849	-	280,849	500,883
Fundraising	213,236	-	213,236	249,807
Total supporting services	494,085	-	494,085	750,690
Total expenses	1,910,623	-	1,910,623	1,546,343
<b>Change in Net Assets</b>	(405,279)	(130,982)	(536,261)	(559,178)
<b>Net Assets</b> , beginning of year	1,313,250	381,856	1,695,106	2,254,284
<b>Net Assets</b> , end of year	\$ 907,971	\$ 250,874	\$ 1,158,845	\$ 1,695,106

See accompanying notes.

**LA COCINA VA**  
**d/b/a Kitchen of Purpose**

Statement of Functional Expenses

Year Ended December 31, 2023

(With Summarized Comparative Information for 2022)

	2023									2022
	Program Services				Total Program Services	Supporting Services			Total Supporting Services	Total
	Café and Catering Operations	Food Assist	Small Business Incubator	Training and Workforce Development		General and Administrative	Fundraising	Total		
Salaries and related expenses	\$ 205,037	\$ 142,997	\$ 145,533	\$ 330,213	\$ 823,780	\$ 38,257	\$ 146,952	\$ 185,209	\$ 1,008,989	\$ 672,028
Professional services	14,927	6,963	5,571	31,741	59,202	103,811	14,735	118,546	177,748	131,413
Depreciation and amortization	35,375	24,671	25,109	56,973	142,128	6,600	25,353	31,953	174,081	184,596
Food supplies	78,275	30,483	2,562	41,628	152,948	86	-	86	153,034	123,826
Occupancy	10,864	6,206	5,024	75,278	97,372	5,072	9,160	14,232	111,604	118,572
Other expenses	5,236	26	67	1,730	7,059	58,529	1,875	60,404	67,463	88,790
Utilities	10,673	7,444	7,576	17,190	42,883	1,991	7,650	9,641	52,524	57,288
Interest	-	-	-	-	-	38,747	-	38,747	38,747	50,446
Repairs and maintenance	11,172	3,586	3,555	3,727	22,040	12,720	-	12,720	34,760	30,690
Insurance	7,705	3,394	2,568	11,773	25,440	1,559	4,620	6,179	31,619	25,995
Computer and software	6,735	1,927	3,937	7,709	20,308	4,434	2,891	7,325	27,633	36,681
Automobile	5,390	2,814	-	6,980	15,184	-	-	-	15,184	10,483
Facility and equipment rental	2,251	1,125	1,125	1,125	5,626	4,983	-	4,983	10,609	8,084
Office expenses	540	-	477	1,551	2,568	4,060	-	4,060	6,628	7,451
<b>Total Expenses</b>	<b>\$ 394,180</b>	<b>\$ 231,636</b>	<b>\$ 203,104</b>	<b>\$ 587,618</b>	<b>\$ 1,416,538</b>	<b>\$ 280,849</b>	<b>\$ 213,236</b>	<b>\$ 494,085</b>	<b>\$ 1,910,623</b>	<b>\$ 1,546,343</b>

**LA COCINA VA**  
**d/b/a Kitchen of Purpose**  
Statement of Cash Flows  
Year Ended December 31, 2023  
(With Summarized Comparative Information for 2022)

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (536,261)	\$ (559,178)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation and amortization	174,081	184,596
Noncash lease expenses	(8,927)	(5,791)
Change in operating assets and liabilities:		
Grants and contributions receivable	(6,040)	243,543
Other assets	-	3,440
Accounts payable and accrued expenses	27,191	18,982
Accrued interest	(7,949)	12,934
Net cash used in operating activities	<u>(357,905)</u>	<u>(101,474)</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of note payable	(143,038)	(137,385)
Proceeds from federal loans payable	-	149,600
Net cash (used in) provided by financing activities	<u>(143,038)</u>	<u>12,215</u>
<b>Net Decrease in Cash</b>	(500,943)	(89,259)
<b>Cash</b> , beginning of year	<u>1,080,904</u>	<u>1,170,163</u>
<b>Cash</b> , end of year	<u>\$ 579,961</u>	<u>\$ 1,080,904</u>

**Supplemental Information**

Interest paid	<u>\$ 46,696</u>	<u>\$ 37,512</u>
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## **1. Nature of Operations**

La Cocina VA (the Organization) was formed to create opportunities using food as an agent of social and economic change, through feeding, educating and empowering the minds of our community. The Organization will carry out a variety of charitable and educational activities to fulfill its purposes, including the following:

- Creating job opportunities by providing culinary training and certifications to unemployed members of the community.
- Creating economic development by training small food business entrepreneurs in food business development and growth.
- Fighting hunger by providing food to the homeless, to social services agencies, to nonprofits, and to low-income families and at-risk neighbors in the state.
- Reducing food waste by implementing environmentally friendly, sustainable food recycling programs with local restaurants and farms.

The Organization funds its program and supporting services primarily through grants, contributions and contracts from corporations, foundations, state and local governments and individuals.

## **2. Summary of Significant Accounting Policies**

### Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized as obligations are incurred.

### Adoption of New Accounting Standards

#### *Measurement of Credit Losses on Financial Instruments*

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB Accounting Standards Codification (ASC) Topic 326 are accounts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in updated disclosures.

## **2. Summary of Significant Accounting Policies (continued)**

### Grants and Contributions Receivable

Grants and contributions receivable represent amounts due from the Organization's various donors. The balance of grants and contributions receivable at December 31, 2023 has been deemed by management to be fully collectible within one year. If an amount becomes uncollectible, it is expensed when that determination is made.

### Property and Equipment

Property and equipment of \$500 or more with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the related assets. Leasehold improvements are amortized over the lesser of their useful lives or the life of the lease. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expense.

### Leases

The Organization accounts for leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*. The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases and is subsequently measured at amortized cost using the effective-interest method.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For finance leases, the ROU asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or the end of the lease term unless the lease transfers ownership of the underlying asset to the Organization or the Organization is reasonably certain to exercise an option to purchase the underlying asset. In those cases, the ROU asset is amortized over the useful life of the underlying asset. Amortization of the ROU asset is recognized and presented separately from interest expense on the lease liability.

## **2. Summary of Significant Accounting Policies (continued)**

### Leases (continued)

Variable lease payments associated with the Organization's leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments are presented in the same line item as expenses arising from fixed lease payments (operating leases) or amortization of ROU asset (finance leases) on the accompanying statement of functional expenses.

ROU assets for operating and finance leases are periodically reduced by impairment losses. The Organization uses the long-lived assets impairment guidance in ASC Subtopic 360-10, *Property, Plant, and Equipment – Overall*, issued by FASB, to determine whether a ROU asset is impaired, and if so, the amount of the impairment loss to recognize. The Organization monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded as a gain or loss.

### Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.
- *Net Assets With Donor Restrictions* represent funds subject to donor-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. The Organization did not have any donor-imposed restrictions which are perpetual in nature at December 31, 2023.

### Revenue Recognition

#### *Grants and Contributions*

The Organization receives contributions and grants that are considered to be contributions including government grants, in the form of cash and other financial assets. Unconditional grants and contributions are recognized upon receipt or notification of the award and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Grants and contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when those restrictions are met, only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and for the expiration of donor-imposed time restrictions. These reclassifications are reported on the accompanying statement of activities as net assets released from restrictions.

## **2. Summary of Significant Accounting Policies (continued)**

### Revenue Recognition (continued)

#### *Grants and Contributions (continued)*

Grants and contributions that are considered to be conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are recognized as revenue once the conditions on which they depend have been met. The Organization adopted the simultaneous release option for donor-restricted conditional grants and contributions that are recognized and used within the same reporting period, therefore, these amounts are reported as without donor restrictions. Revenue recognized on grants and contributions, but have not been received, is reflected as grants and contributions receivable on the accompanying statement of financial position. Conversely, amounts received in advance of the conditions being met are recorded as refundable advances on the accompanying statement of financial position. There were no unrecognized conditional awards at December 31, 2023.

#### *Café and Catering Service Income*

Café and catering service income is recognized as revenue when the service is provided. Amounts received as deposits for the catering service are recorded as catering service deposits on the accompanying statement of financial position. There were no deposits made for catering services at December 31, 2023.

### Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on either financial or nonfinancial data, such as distribution of labor or estimates of time and effort incurred by personnel. Expenses that are allocated include salaries and related expenses, depreciation and amortization, occupancy, and utilities.

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

**2. Summary of Significant Accounting Policies (continued)**

Summarized Comparative Information

The accompanying financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022 from which the summarized information was derived.

**3. Concentration of Credit Risk**

Financial instruments, which potentially subject the Organization to a concentration of credit risk, consist principally of cash balances maintained at various creditworthy financial institutions. While the amount at a given bank at times exceeds the amount guaranteed by the Federal Deposit Insurance Corporation (FDIC) and, therefore, bears some risk, the Organization has not experienced, nor does it anticipate, any losses on its funds.

**4. Property and Equipment**

The Organization held the following property and equipment at December 31, 2023:

Furniture and equipment	\$ 338,536
Vehicle	62,029
Website and software	39,023
Leasehold improvements	<u>1,647,128</u>
Total property and equipment	2,086,716
Less: accumulated depreciation and amortization	<u>(686,636)</u>
Property and equipment, net	<u>\$ 1,400,080</u>

**5. Federal Loans Payable**

On June 10, 2020, the Organization received an Economic Injury Disaster Loan (EIDL) from the Small Business Administration totaling \$150,000. On May 2, 2022, the EIDL loan amount was updated to \$299,600. The loan bears interest at 2.75% and is due over thirty years in monthly installments of \$1,349 beginning thirty months from the date of the original note. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to the principal. The loan is collateralized by all tangible and intangible personal property of the Organization.

**5. Federal Loans Payable (continued)**

Principal payments as stated in the note are due as follows:

2024	\$	-
2025		4,620
2026		8,179
2027		8,406
2028		8,641
2029 and thereafter		<u>269,754</u>
Total principal payments	<u>\$</u>	<u>299,600</u>

**6. Promissory Note**

In August 2019, the Organization obtained a \$900,000 philanthropic promissory note from a funder. The proceeds of this promissory note are to be used to make leasehold improvements to the Training and Entrepreneurship Center (TEC). The promissory note is secured by all committed and future pledges and the Organization's assets. The promissory note bears 6.75% fixed interest rate per annum and matures in 24 months. Interest-only payments are due monthly, and the full outstanding balance and interest are due upon maturity.

On April 1, 2021, the Organization and the lender amended and restated the promissory note. The amended terms state that principal and interest shall be payable on the first day of each month, commencing on May 1, 2021, in installments of \$14,462, with a final installment consisting of all remaining unpaid fees, principal, and accrued and unpaid interest is due and payable on April 1, 2026. At December 31, 2023, the outstanding balance of the promissory note was \$373,692. Principal payments, as stated in the note, are due as follows:

2024	\$	152,990
2025		163,642
2026		<u>57,060</u>
Total principal payments	<u>\$</u>	<u>373,692</u>

**7. Letter of Credit**

In April 2020, the Organization obtained a letter of credit from a financial institution in order to secure the aforementioned lease arrangement with Gilliam Retail. Pursuant to the terms of the letter of credit, Gilliam Retail is entitled to draw against this letter of credit which is posted in lieu of a security deposit pursuant to the terms of the lease. The letter of credit is up to \$250,000 in the first year, \$175,000 in the second year and \$100,000 thereafter until it expires in June 2030. There was no borrowing against the letter of credit as of December 31, 2023.

**8. Liquidity and Availability of Resources**

The following schedule reflects the Organization’s financial assets as of December 31, 2023, available for use in the next year, reduced by amounts not available for general use because of donor-imposed restrictions within one year of this date:

Cash	\$ 579,961
Grants and contributions receivable	<u>49,997</u>
Total financial assets	629,958
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions	<u>(250,874)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 379,084</u></u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**9. Leases**

In July 2019, the Organization entered into a ten-year lease agreement to lease a 5,000 square foot facility to operate the Zero Barriers Training and Entrepreneurship Center (TEC). The lease commenced in June 2020 and expires in June 2030. The lease provides for annual rent escalations of approximately 3% and an allowance for leasehold improvements.

In November 2020, the landlord provided the Organization with a rent abatement for the period from November 2020 to April 2021. These rent abatements were provided as a relief from the economic downturn created by the global pandemic prevalent throughout 2020.

The balance of ROU operating assets is as follows at December 31, 2023:

Operating lease ROU assets	\$ 941,416
Amortization of ROU operating assets	<u>(323,714)</u>
Net operating ROU asset	<u><u>\$ 617,702</u></u>

**9. Leases (continued)**

The table below presents a maturity analysis of the operating lease liability and a reconciliation of the total amount of the liability in the statement of financial position as of December 31, 2023:

2024	\$ 110,912
2025	114,239
2026	117,666
2027	121,196
2028	124,832
2029 and thereafter	<u>193,816</u>
Total future minimum lease payments	782,661
Less: imputed interest	<u>(24,201)</u>
Present value of future minimum lease payments	758,460
Less: current obligations under lease	<u>(104,298)</u>
Long-term lease obligations	<u><u>\$ 654,162</u></u>

Lease costs and other related information for the year ended December 31, 2023 were as follows:

Lease cost:	
Operating lease cost	\$ 98,754
Variable lease cost	<u>12,850</u>
Total lease cost	<u><u>\$ 111,604</u></u>

Other information:

Operating cash flows for operating leases	\$ 107,681
Weighted average remaining lease term (years)	6.5
Weighted average discount rate	0.08%

**10. Net Assets With Donor Restrictions**

Net assets with donor restrictions were restricted for the following at December 31, 2023:

Subject to satisfaction of purpose restrictions:	
Small Business Incubator	\$ 155,458
Workforce Development	75,416
Food Assist	<u>20,000</u>
Total net assets with donor restrictions	<u><u>\$ 250,874</u></u>

**10. Net Assets With Donor Restrictions (Continued)**

During the year ended December 31, 2023, releases from net assets with donor restrictions were for the following:

Expiration of time restrictions	\$	17,500
Satisfaction of purpose restrictions:		
Small Business Incubator		387,720
Workforce Development		322,554
Food Assist		151,853
ARPA		50,000
WFD/FA/SBI		8,000
Other		<u>14,318</u>
Total net assets released from donor restrictions	\$	<u>951,945</u>

**11. Income Taxes**

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the years ended December 31, 2023, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification (ASC) Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the years ended December 31, 2023 and 2022 and determined that there were no matters that would require recognition on the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

**12. Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 22, 2024, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.