BOUNTY & SOUL

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

CORLISS & SOLOMON PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Bounty & Soul

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Year Ended December 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bounty & Soul
Black Mountain, North Carolina

Opinion

We have audited the accompanying financial statements of Bounty & Soul (a nonprofit 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 disclosures to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bounty & Soul 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bounty & Soul 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 Bounty & Soul's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, 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.

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 Bounty & Soul'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 Bounty & Soul'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 Bounty & Soul's 2022 financial statements, and our report dated October 25, 2023, expressed an unmodified opinion on those audited financial statements. 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.

Corliss & Solomon, PLLC

Asheville, North Carolina
October 16, 2024

Bounty & Soul

Statement of Financial Position

As of December 31, 2023

(With summarized comparative totals as of December 31, 2022)

	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	$ 941,698	$ 875,304
Investments	226,900	-
Contributions and Grants Receivable	46,060	26,580
HOP Program Receivable	26,122	-
Deposits	89,257	-
Other Assets	9,141	7,630
Total Current Assets	1,339,178	909,514
Long-Term Assets		
Property and Equipment, Net	142,923	108,135
Operating Lease Right-of-Use Asset	113,465	145,388
Total Long-Term Assets	256,388	253,523
Total Assets	**$ 1,595,566**	**$ 1,163,037**
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 26,555	$ 22,435
Wage and Payroll Tax Accrual	15,919	8,631
Operating Lease Liability, Current Portion	32,076	29,528
Total Current Liabilities	74,550	60,594
Long-Term Liabilities		
Operating Lease Liability, Net of Current Portion	84,217	116,294
Total Long Term Liability	84,217	116,294
Net Assets		
Without Donor Restrictions	1,221,689	747,417
With Donor Restrictions	215,110	238,732
Total Net Assets	1,436,799	986,149
Total Liabilities and Net Assets	**$ 1,595,566**	**$ 1,163,037**

The accompanying disclosures are an integral part of these financial statements.

Bounty & Soul

Statement of Activities

Year Ended December 31, 2023

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Support and Revenue				
Contributions	$ 729,558	$ 3,000	$ 732,558	$ 621,104
Grants	197,801	545,720	743,521	511,976
In-Kind Contributions	2,348,482	-	2,348,482	1,950,673
Interest Income	17,150	-	17,150	-
HOP Program Revenue	472,905	-	472,905	72,078
Special Events and Other Income	44,958	-	44,958	18,315
Miscellaneous Income	374	-	374	-
Net Assets Released from Restrictions	572,342	(572,342)	-	-
Total Support and Revenue	**4,383,570**	**(23,622)**	**4,359,948**	**3,174,146**
Expenses				
Program Services	3,654,529	-	3,654,529	2,750,915
Management and General	52,139	-	52,139	88,558
Fundraising	202,630	-	202,630	82,994
Total Expenses	**3,909,298**	**-**	**3,909,298**	**2,922,467**
Change in Net Assets	474,272	(23,622)	450,650	251,679
Net Assets, Beginning of Year	747,417	238,732	986,149	734,470
Net Assets, End of Year	**$ 1,221,689**	**$ 215,110**	**$ 1,436,799**	**$ 986,149**

The accompanying disclosures are an integral part of these financial statements.

Bounty & Soul

Statement of Functional Expenses

Year Ended December 31, 2023

(With summarized comparative totals for the prior year)

	Program Services	Management and General	Fundraising	Total 2023	Total 2022
Personnel Expenses					
Salaries	$ 667,092	$ 8,456	$ 9,868	$ 685,416	$ 558,679
Payroll Taxes	54,035	740	864	55,639	45,798
Employee Benefits	9,488	70	83	9,641	10,095
Total Personnel Expenses	730,615	9,266	10,815	750,696	614,572
Advertising and Promotion	3,320	702	8,213	12,235	5,187
Bank and Merchant Fees	-	8,266	-	8,266	10,245
Contract Services:					
Legal and Accounting	-	10,560	-	10,560	24,994
Professional Fundraising	-	-	157,658	157,658	2,878
Program Service Providers	73,825	-	-	73,825	55,424
HOP Service Providers	90,794	-	-	90,794	-
Other Service Providers	16,401	1,513	41	17,955	9,673
Food Distribution Supplies	33,463	-	-	33,463	17,537
Food Purchases	185,394	-	-	185,394	64,216
Fundraising Expenses	-	-	13,008	13,008	5,749
Information Technology	-	3,321	5,919	9,240	6,582
Insurance	9,362	5,035	331	14,728	7,477
Miscellaneous Expenses	3,186	2,299	1,521	7,006	6,741
Occupancy	63,489	636	1,040	65,165	50,470
Office Expenses	1,027	3,354	1,280	5,661	12,610
Program Support and Supplies	37,815	-	-	37,815	37,458
Travel	-	4,383	-	4,383	404
Truck Operations and Repairs	25,582	-	-	25,582	24,311
Subtotal Expenses	1,274,273	49,335	199,826	1,523,434	956,528
Depreciation	31,774	2,804	2,804	37,382	20,266
In-Kind Donations Utilized:					
Food Distributed	2,348,482	-	-	2,348,482	1,945,673
Total Expenses	**$ 3,654,529**	**$ 52,139**	**$ 202,630**	**$ 3,909,298**	**$ 2,922,467**

The accompanying disclosures are an integral part of these financial statements.

Bounty & Soul

Statement of Cash Flows

Year Ended December 31, 2023

(With summarized comparative totals for the prior year)

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	$ 450,650	$ 251,679
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	37,382	20,266
(Increase)/Decrease in Operating Activities		
Contributions and Grants Receivable	(19,480)	(14,999)
HOP Program Receivable	(26,122)	-
Deposits	(89,257)	-
Other Assets	(1,511)	6,302
Operating Lease Right-of-Use Asset	2,394	434
Increase/(Decrease) in Operating Liabilities		
Accounts Payables	4,120	11,059
Wage and Payroll Tax Accrual	7,288	(5,136)
Net Cash Provided by Operating Activities	365,464	269,605
Cash Flows from Investing Activities		
Purchase an Investments	(226,900)	-
Purchase of Property and Equipment	(72,170)	(57,828)
Net Cash Used by Investing Activities	(299,070)	(57,828)
Net Change in Cash and Cash Equivalents	66,394	211,777
Cash and Cash Equivalents, Beginning of Year	875,304	663,527
Cash and Cash Equivalents, End of Year	**$ 941,698**	**$ 875,304**
Supplemental Disclosure:		
Operating Lease Right-of-Use Asset	$ -	$ 145,388

The accompanying disclosures are an integral part of these financial statements.

Bounty & Soul

Disclosures to the Financial Statements

For the Year Ended December 31, 2023

1. *Description of the Organization, Corporate and Tax-Exempt Status*

Bounty & Soul is a community-based non-profit, that works to improve food and health equity in Western North Carolina. Our mission is to connect, share and celebrate nutritious food, education and community in the WNC region. Participants are under-resourced households in Buncombe, NC and surrounding counties who experience food insecurity and health inequities. With no prerequisites for eligibility, all may feel comfortable seeking services. Through our interconnected programs we address food insecurity, the health and wellbeing of the whole person, and the sustainability of the local food system through an equity and trauma-informed lens.

In 2023, Bounty & Soul distributed 1,251,169 pounds of fresh produce and other nourishing foods; serving 136,757 individuals, representing 43,701 households, from Buncombe County and surrounding areas.

Bounty & Soul was established in 2014 as a non-profit corporation under the laws of the State of North Carolina and qualifies for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue code. Contributions to Bounty & Soul qualify for the charitable contribution deduction under Section 170(b)(1)(a). BOH is classified as a publicly supported organization under Section 509(a)(1).

2. *Summary of Significant Accounting Policies*

Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations.

Financial Statement Presentation

The classification of the organization's net assets, and its support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – Includes net assets that are not subject to donor-imposed restrictions and that may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and board of directors.

Net Assets With Donor Restrictions - Includes net assets that are subject to restrictions imposed by donors or grantors. Some donor and grantor restrictions are temporary in nature, such as those with a specified purpose or a timeframe for expenditure established by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents
The organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentration of Credit Risk
Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed FDIC federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments
The organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, net of investment expenses.

Accounts Receivable
Accounts receivable consist of amounts billed and recognized as program income. Accounts receivables are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Organization separates accounts receivable into risk pools to help determine the amount of the allowance as of the statement of financial position date. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

Contributions and Grants Receivable
Contributions and grants receivable, without conditions, and expected to be collected within one year are recorded at net realizable value; those expected to be collected in more than one year are recorded at the present value of their future cash flows, using a risk adjusted interest rate. Any provision for uncollectible receivables is estimated by management based on historical collection experience.

Property and Equipment
Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The capitalization threshold is $1,500 per item.

Program Service Revenue
In accordance with U.S. GAAP, the organization follows *ASU 2014-09, Revenue from Contracts with Customers,* (Topic 606), which requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Healthy Opportunities Pilot (HOP) is an innovative program that allows nonprofit human service organizations (HSOs) to receive Medicaid reimbursements from private health plans for services related to food, housing, transportation, and personal safety. Bounty & Soul participates in this pilot as an HSO, delivering healthy food boxes to qualifying Medicaid members.

Contributions and Grants
Contributions and grants are recognized in support: (1) when the organization receives cash, securities or other assets from a donor or grantor, (2) when a donor conveys a promise to make a donation in the future, on an unconditional basis, and (3) when a grantor awards a grant to be

paid in the future, on an unconditional basis. Contributions and grants with conditions, such as performance requirements, are not recognized until the conditions on which they depend have been substantially met.

Leases
The Organization follows (ASU) *No. 2016-02 Leases* (Topic 842) as management believes the standard improves the usefulness and understandability of the organization's financial reporting. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases, except for short-term leases less than 12 months. The adoption can have a material impact on the Organization's statement of financial position but does not have a material impact on the statement of activities and cash flows.

In-Kind Contributions
The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When recognized, contributed services are reported at fair value.

Fair Value Measurements
Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain valuation techniques are used to measure fair value. There are three broad levels as follows:

` *Level 1* – (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date. For example, securities traded in an active market are valued using Level 1 inputs.

Level 2 – inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.

Level 3 – inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses
The costs of the program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function, require management allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions
Bounty & Soul is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to an organization's tax-exempt purpose may be subject to taxation as unrelated business income. Bounty & Soul had no income from unrelated business activities during the 2023 fiscal year and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). Bounty & Soul believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Summarized Comparative Data
The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2023, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

3. *Liquidity and Availability*
The organization's liquidity management plan includes investing cash in excess of daily requirements in a money market account. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

As of December 31:	2023	2022
Financial Assets at Year End:		
Cash and Cash Equivalents	$ 941,698	$ 875,304
Investments	226,900	-
Contributions and Grants Receivable	46,060	26,580
HOP Program Receivable	26,122	-
Other Assets	9,141	7,630
Financial assets available to meet general expenditures over the following year	$ 1,249,921	$ 909,514

4. *Cash and Cash Equivalents*
Cash and cash equivalents balances consists of the following:

As of December 31:	2023	2022
Checking Account	$ 398,762	$ 669,065
Money Market Account	104,875	206,239
Certificates of Deposit (Short-Term)	438,061	-
Total Cash and Cash Equivalents	$ 941,698	$ 875,304

As of December 31, 2023, the organization had exceeded the FDIC federally insured limit in cash accounts by $217,074. Management believes the organization is not exposed to any significant credit risk on its cash balances. Net assets with Donor Restrictions were not required to be held in separate bank accounts.

5. *Investments*

In 2023, utilizing excess cash balances, the organization set up an investment portfolio with a financial institution for the purchase of a certificate of deposit. As of December 31, 2023, the balance was in the amount of $226,900, which matures in March 2024.

6. *HOP Program Receivable*

The HOP program receivable balance was $26,122 as of December 31, 2023. The program is operated by State-Funded Medicaid and therefore, the forecasted loss is expected to be zero. The management expects to collect all the receivables within the year and therefore no credit loss allowance is required.

7. *Conditional Grants*

The organization received two conditional grants, which will be disbursed upon satisfaction of specific requirements outlined in the grant document. In accordance with U.S. GAAP, conditional grants are not recognized in income or receivable until the applicable conditions are met. Accordingly, the remaining $65,000 for fiscal year 2024 has not been recognized in the accompanying financial statements.

8. *Property and Equipment*

Property and equipment consists of the following:

As of December 31:	2023	2022
Equipment and Furniture	$ 81,649	$ 72,392
Vehicles	182,793	119,880
Less: Accumulated Depreciation	(121,519)	(84,137)
Property and Equipment, Net	$ 142,923	$ 108,135

The organization paid $89,257 as a deposit toward the purchase of a truck and a walk-in refrigerator. The assets are expected to be received and placed in service in 2024. Depreciation expenses were $37,382 and $20,266 for the years ended December 31, 2023, and 2022, respectively.

9. *Net Assets With Donor Restrictions*

Net assets with donor restrictions were available for the following purposes:

As of December 31:	2023	2022
Food Distribution, Health & Wellness Education & Resources, Community Outreach	$ 51,378	$ 52,242
Healthy Opportunities Program	88,732	79,640
Deputy Director Position and Staff Support	65,000	85,000
Strategic Planning for Future Growth	10,000	21,850
Total Net Assets With Donor Restrictions	$ 215,110	$ 238,732

10. *In-Kind Contributions*

The organization received over one million pounds of food from local farmers, growers, community gardens, MANNA Food Bank, and partnering retail grocers for distribution to individuals in need. Based on prevailing rates used by Feed America, these donations have been valued at $1.93 per pound. The total amounts reported as expenses on the statement of activities were $2,348,482 and $1,945,673 for the years ended December 31, 2023, and 2022, respectively.

11. *Operating Lease Obligations*

The organization began leasing an office in October 2022 and a warehouse in November 2022. The lease agreements are reflected as an operating lease right of use asset and an operating lease liability on the statement of financial position. The present value of the operating lease right of use asset and lease liability uses an accepted risk-free discount rate and accounts for lease and non-lease components as a single lease component. On December 31, 2023 the operating lease right of use asset and liability was $113,465 and $116,293, respectively. The weighted average lease payments recorded for the lease term is 2,724 per month. The weighted average remaining lease term is 42 months, and the weighted average discount rate was 4.25%. Required lease liability by year for the remainder of the lease term is as follows:

Years Ending December 31:		
2024	$	36,276
2025		35,066
2026		28,881
2027		25,061
Total Undiscounted Cash Flows		125,284
Less: Present Value Discount		(8,991)
Total Operating Lease Liability	$	116,293

Subsequent to year-end, the above lease was terminated due to the acquisition of a warehouse.

12. *Fair Value Measurements*

Fair values of assets measured on a recurring basis are as follows on December 31, 2023:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Level 1 Assets	Level 2 Assets	Level 3 Assets
Investment	$ 226,900	$ 226,900	$ -	$ -

13. *Third Party Reimbursements*

The organization derives approximately 22% of its revenue, excluding in-kind concentration, from State third-party reimbursement programs, with Medicaid being the primary source. These programs require that providers follow specific laws, regulations, and cost reimbursement principles. Revenues from these programs are subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries.

The scope of our audit did not include testing these third-party reimbursements for compliance with the specific regulations and cost principles in force under these State programs.

14. *Subsequent Events*

The organization acquired a building for $1,000,000 at the end of March 2024. The purchase was financed through a combination of a bank loan in the amount of $595,000, a grant i
n the amount of $300,000, and the remainder from cash. Following the building acquisition, the organization terminated the operating lease for the warehouse.

Subsequent events have been evaluated through October 16. 2024, which is the date the financial statements were available to be issued.