

BOUNTY & SOUL
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024



CERTIFIED PUBLIC ACCOUNTANTS

Bounty & Soul
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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, 2024, 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, 2024, 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 2023 financial statements, and our report dated October 16, 2024, 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, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina

November 6, 2025

Bounty & Soul
Statement of Financial Position

As of December 31, 2024

(With summarized comparative totals as of December 31, 2023)

	2024	2023
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 1,890,064	\$ 941,698
Investments	350,056	226,900
Contributions and Grants Receivable	179,568	46,060
HOP Program Receivable	34,278	26,122
Prepaid Expenses	7,779	3,830
Other Assets	9,849	5,311
Total Current Assets	2,471,594	1,249,921
<u>Long-Term Assets</u>		
Property and Equipment, Net	1,655,537	232,180
Operating Lease Right-of-Use Asset	7,457	113,465
Total Long-Term Assets	1,662,994	345,645
Total Assets	\$ 4,134,588	\$ 1,595,566
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 36,438	\$ 26,555
Wage and Payroll Tax Accrual	17,104	15,919
Note Payable, Current Portion	26,013	-
Operating Lease Liability, Current Portion	7,457	32,076
Total Current Liabilities	87,012	74,550
<u>Long-Term Liabilities</u>		
Note Payable, Net of Current Portion	411,536	-
Operating Lease Liability, Net of Current Portion	-	84,217
Total Long Term Liability	411,536	84,217
<u>Net Assets</u>		
Without Donor Restrictions	3,416,329	1,221,689
With Donor Restrictions	219,711	215,110
Total Net Assets	3,636,040	1,436,799
Total Liabilities and Net Assets	\$ 4,134,588	\$ 1,595,566

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

Bounty & Soul
Statement of Activities

Year Ended December 31, 2024

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Support and Revenue				
Contributions	\$ 2,049,182	\$ 12,500	\$ 2,061,682	\$ 732,558
Grants	409,925	1,026,620	1,436,545	743,521
In-Kind Contributions	2,803,217	-	2,803,217	2,348,482
Interest Income	42,473	-	42,473	17,150
HOP Program Revenue	1,134,566	-	1,134,566	472,905
Special Events and Other Income	73,369	-	73,369	44,958
Miscellaneous Income	2,068	-	2,068	374
Net Assets Released from Restrictions	1,034,519	(1,034,519)	-	-
Total Support and Revenue	7,549,319	4,601	7,553,920	4,359,948
Expenses				
Program Services	4,866,604	-	4,866,604	3,654,529
Management and General	307,221	-	307,221	52,139
Fundraising	180,854	-	180,854	202,630
Total Expenses	5,354,679	-	5,354,679	3,909,298
Change in Net Assets	2,194,640	4,601	2,199,241	450,650
Net Assets, Beginning of Year	1,221,689	215,110	1,436,799	986,149
Net Assets, End of Year	\$ 3,416,329	\$ 219,711	\$ 3,636,040	\$ 1,436,799

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

Bounty & Soul
Statement of Functional Expenses

Year Ended December 31, 2024

(With summarized comparative totals for the prior year)

	Program Services	Management and General	Fundraising	Total 2024	Total 2023
Personnel Expenses					
Salaries	\$ 790,718	\$ 120,084	\$ 106,854	\$ 1,017,656	\$ 685,416
Payroll Taxes	65,563	9,957	8,860	84,380	55,639
Employee Benefits	36,784	5,586	4,971	47,341	9,641
Total Personnel Expenses	893,065	135,627	120,685	1,149,377	750,696
Advertising and Promotion	4,000	29,657	5,561	39,218	12,235
Assistance to Others	58,794	-	-	58,794	-
Bank and Merchant Fees	-	22,719	-	22,719	8,266
Contract Services:					
Legal and Accounting	-	13,180	-	13,180	10,560
Professional Fundraising	-	-	-	-	157,658
Program Service Providers	21,722	453	453	22,628	73,825
HOP Service Providers	146,378	3,049	3,049	152,476	90,794
Other Service Providers	17,844	20,095	2,340	40,279	17,955
Food Distribution Supplies	39,172	-	-	39,172	33,463
Food Purchases	584,790	-	-	584,790	185,394
Fundraising Expenses	-	-	22,978	22,978	13,008
Information Technology	-	4,563	11,172	15,735	9,240
Insurance	15,233	11,303	1,182	27,718	14,728
Interest Expense	-	32,943	-	32,943	-
Miscellaneous Expenses	156	14,083	1,408	15,647	7,006
Occupancy	120,360	13,996	5,599	139,955	65,165
Office Expenses	2,218	2,142	3,012	7,372	5,661
Program Support and Supplies	26,404	-	-	26,404	37,815
Travel	-	3,411	3,415	6,826	4,383
Truck Operations and Repairs	46,727	-	-	46,727	25,582
Subtotal Expenses	1,976,863	307,221	180,854	2,464,938	1,523,434
Depreciation	86,524	-	-	86,524	37,382
In Kind Utilized:					
Facilities	41,880	-	-	41,880	-
Food Distributed	2,761,337	-	-	2,761,337	2,348,482
Total Expenses	\$ 4,866,604	\$ 307,221	\$ 180,854	\$ 5,354,679	\$ 3,909,298

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

Bounty & Soul
Statement of Cash Flows
Year Ended December 31, 2024

(With summarized comparative totals for the prior year)

	2024	2023
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 2,199,241	\$ 450,650
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	86,524	37,382
(Increase)/Decrease in Operating Activities		
Contributions and Grants Receivable	(133,508)	(19,480)
HOP Program Receivable	(8,156)	(26,122)
Asset Purchase Deposit	-	
Prepaid Expenses	(3,949)	-
Other Assets	(4,538)	(1,511)
Operating Lease Right-of-Use Asset	(2,828)	2,394
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	9,883	4,120
Wage and Payroll Tax Accrual	1,185	7,288
Net Cash Provided by Operating Activities	2,143,854	454,721
<u>Cash Flows from Investing Activities</u>		
Purchase of Investments	(123,156)	(226,900)
Purchase of Property and Equipment	(1,509,881)	(161,427)
Loan Proceeds	595,000	-
Principal Payments	(157,451)	-
Net Cash Used by Investing Activities	(1,195,488)	(388,327)
Net Change in Cash and Cash Equivalents	948,366	66,394
Cash and Cash Equivalents, Beginning of Year	941,698	875,304
Cash and Cash Equivalents, End of Year	\$ 1,890,064	\$ 941,698
Supplemental Disclosure:		
Cash Interest Paid	\$ 32,943	\$ -

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

Bounty & Soul
Disclosures to the Financial Statements
For the Year Ended December 31, 2024

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 well-being of the whole person, and the sustainability of the local food system through an equity and trauma-informed lens.

In 2024, Bounty & Soul distributed 1,604,616 pounds of fresh produce and other nourishing foods; serving 158,970 individuals, representing 43,546 households, from Buncombe County and surrounding areas.

In addition, Bounty & Soul served as a first responder in the aftermath of Hurricane Helene, distributing thousands of hot meals, critical supplies, and connections to vital services to the most impacted communities in Buncombe and McDowell County. As a result of this natural disaster, the organization's service to the community doubled in size, as more people have become food and housing insecure.

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).

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 2024 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.

2. 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:

<u>As of December 31:</u>	<u>2024</u>	<u>2023</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 1,890,064	\$ 941,698
Investments	350,056	226,900
Contributions and Grants Receivable	179,568	46,060
HOP Program Receivable	34,278	26,122
Other Assets	9,849	5,311
Financial assets available to meet general expenditures over the following year	<u>\$ 2,463,815</u>	<u>\$ 1,246,091</u>

3. Cash and Cash Equivalents

Cash and cash equivalents balances consists of the following:

<u>As of December 31:</u>	<u>2024</u>	<u>2023</u>
Checking Account	\$ 236,589	\$ 398,762
Money Market Account	684,521	104,875
Insured Bank Deposits	968,954	-
Total Cash and Cash Equivalents	<u>\$ 1,890,064</u>	<u>\$ 503,637</u>

As of December 31, 2024, the organization had exceeded the FDIC federally insured limit in cash accounts by \$306,825. 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.

4. Investments

The organization established an investment portfolio to purchase certificates of deposit, utilizing its excess funds. The certificates are reinvested upon maturity. The balance in the investment accounts was \$350,056 and \$226,900 for the years ended December 31, 2024, and 2023, respectively.

5. HOP Program Receivable

The HOP program receivable balance was \$34,278 and \$26,122 as of December 31, 2024, and 2023, respectively. The state-funded Medicaid program operates, 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

6. Contributions & Grants Receivable

The contributions and accounts receivable balance was \$179,568 and \$46,060 as of December 31, 2024, and 2023, respectively. Management expects to collect the entire balance within one year.

7. Property and Equipment

Property and equipment consist of the following:

<u>As of December 31:</u>	<u>2024</u>	<u>2023</u>
Land	\$ 105,000	\$ -
Warehouse Building	929,083	-
Equipment and Furniture	157,016	81,649
Vehicles	529,700	182,793
Asset Purchase Deposit	96,334	89,257
Less: Accumulated Depreciation	(161,596)	(121,519)
Property and Equipment, Net	<u>\$ 1,655,537</u>	<u>\$ 232,180</u>

The organization paid \$96,334 as a deposit toward the purchase of a refrigerated van. The van is expected to be received and placed in service in 2025. The asset deposit of \$89,257, paid in 2023, was for the refrigerated truck, which was received and placed in service in 2024. Depreciation expenses were \$86,524 and \$37,382 for the years ended December 31, 2024, and 2023, respectively.

8. Notes Payable

Notes payable consist of the following as of December 31, 2024:

On March 2024, Bounty & Soul took out a mortgage in the amount of \$595,000 for the purchase of warehouse building on 1038 Hwy 70W. The building is collateralized by the Note. The Note has a variable interest rate based on the US Prime rate and payable in monthly payments of \$4,833. The note matures in February 2029 with the remaining principal balance and accrued interest. An interest rate of 7.5% was used to calculate the remaining principal balance. Bounty & Soul paid down \$150,000 of the principal in December 2024.

Balance as of December 31:	\$	437,549
Total Notes Payable Balance as of December 31		437,549
Less Current Maturities		(26,013)
Notes Payable, Net of Current Maturities	\$	<u>411,536</u>

The following is a summary of maturities on notes payable for the years ending December 31:

2025	\$	26,013
2026		28,032
2027		30,208
2028		32,554
2029		320,742
Total	\$	<u>437,549</u>

9. Net Assets With Donor Restrictions

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

<u>As of December 31:</u>	<u>2024</u>	<u>2023</u>
Food Distribution, Health & Wellness Education & Resources, Community Outreach	\$ 157,211	\$ 51,378
Healthy Opportunities Program	-	88,732
Deputy Director Position and Staff Support	52,500	65,000
Strategic Planning for Future Growth	10,000	10,000
Total Net Assets With Donor Restrictions	<u>\$ 219,711</u>	<u>\$ 215,110</u>

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 Feeding America, these donations have been valued at \$1.97 per pound. The in-kind contributions for food were \$2,761,337 and \$2,348,482 for the years ended December 31, 2024, and 2023, respectively.

The organization maintains a lease agreement for property at a below-market rate of \$1 per month. The fair market value of these in-kind contributions for space utilization was recorded at \$41,880 for the year ended December 31, 2024.

The in-kind contributions utilized totaled \$2,803,217 and \$2,348,482 for the years ended December 31, 2024, and 2023, respectively.

11. Operating Lease Obligations

The organization leases office space. The lease is set to expire in September 2025. 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 remaining lease liability as of December 31, 2024, is \$7,457. The organization had a lease on a warehouse, which was terminated in June 2024, following the purchase of a new building.

12. Fair Value Measurements

Fair values of assets measured on a recurring basis are as follows on December 31, 2024:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1 Assets	Level 2 Assets	Level 3 Assets
Investments	\$ 350,056	\$ 350,056	\$ -	\$ -

13. Third Party Reimbursements

The organization derives approximately 24% 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 may be subject to retroactive adjustments 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 Healthy Opportunities Pilot (HOP), a Medicaid program that addressed the nonmedical health needs of low-income North Carolinians, ceased operations on July 1, 2025, due to the funding cuts proposed by the NC legislature.

Since 2022, Bounty & Soul has been an active participant in HOP, delivering healthy food boxes to qualified beneficiaries. This not only ensured that families facing food insecurity had reliable access to nourishing foods but also allowed us to invest directly in our local economy by purchasing produce and goods from nearby farmers and businesses. The reimbursements we received through HOP supported staff, food purchasing, and essential program costs, enabling us to serve more people more effectively, as well as provide a sustainable revenue stream for the organization. The anticipated revenue loss is significant, but the leadership team is committed to creating a funding and operations strategy that will allow for stabilization as well as allow for the growth that is anticipated with the increase in need post-Helene and pending cuts in federally supported food programs.

Subsequent events have been evaluated through November 6, 2025, which is the date the financial statements were available to be issued.