

# PROJECT ANGEL FOOD

## CONSOLIDATED FINANCIAL STATEMENTS

---

June 30, 2025

(with Comparative Totals for 2024)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Project Angel Food

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Project Angel Food (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Project Angel Food (the Organization) as of June 30, 2025, 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 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 Auditors' Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 consolidated financial statements.

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 consolidated 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 consolidated 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 consolidated 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating statements of financial position and activities and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied to the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statements of financial position and activities and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited Project Angel Food's June 30, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated January 23, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Windes, Inc." The signature is written in a cursive, flowing style with a prominent "W" at the beginning.

Long Beach, California  
December 23, 2025

**PROJECT ANGEL FOOD**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

ASSETS	ASSETS	
	2025	2024
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,938,258	\$ 25,305,469
Receivables, net	8,074,994	12,715,846
Prepaid expenses and other assets	305,261	353,689
Investments	20,634,316	10,854,710
Operating lease right-of-use assets	130,624	212,748
Loan receivable	16,569,350	16,569,350
Property and equipment, net	<u>24,217,135</u>	<u>13,221,512</u>
<b>TOTAL ASSETS</b>	<u>\$ 84,869,938</u>	<u>\$ 79,233,324</u>
LIABILITIES AND NET ASSETS		
<b>LIABILITIES</b>		
Accounts payable	\$ 2,372,767	\$ 855,133
Accrued liabilities	496,973	923,101
Advances received	143,021	515,908
Operating lease liabilities	130,624	212,748
Notes payable, net	<u>27,506,675</u>	<u>27,466,598</u>
	<u>30,650,060</u>	<u>29,973,488</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	19,426,368	15,460,070
Board designated	<u>5,090,618</u>	<u>4,700,878</u>
	<u>24,516,986</u>	<u>20,160,948</u>
With donor restrictions	<u>29,702,892</u>	<u>29,098,888</u>
<b>TOTAL NET ASSETS</b>	<u>54,219,878</u>	<u>49,259,836</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 84,869,938</u>	<u>\$ 79,233,324</u>

The accompanying notes are an integral part of these consolidated financial statements.

**PROJECT ANGEL FOOD**

**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

	<b>2025</b>			<b>2024</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
<b>REVENUE AND SUPPORT</b>				
Individual contributions	\$ 4,935,918	\$ 1,465,893	\$ 6,401,811	\$ 13,358,496
Corporate and foundation grants	2,861,600	710,000	3,571,600	2,569,457
Federal grants and contracts	2,250,050	-	2,250,050	1,570,320
State and local grants and contracts	423,585	-	423,585	372,053
Program service fees	7,338,725	-	7,338,725	4,225,511
Special event revenue, net of direct expenses of \$727,189 and \$522,176 for 2025 and 2024, respectively	1,866,422	-	1,866,422	1,544,057
Investment return, net	1,143,961	-	1,143,961	1,001,619
Other income	199,179	-	199,179	391,690
Loss on restricted pledges	-	(1,171,758)	(1,171,758)	-
Net assets released from restrictions	<u>400,131</u>	<u>(400,131)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>21,419,571</b>	<b>604,004</b>	<b>22,023,575</b>	<b>25,033,203</b>
<b>EXPENSES</b>				
Program services	14,593,901	-	14,593,901	11,411,309
Management and general	847,652	-	847,652	768,331
Fundraising	<u>1,621,980</u>	<u>-</u>	<u>1,621,980</u>	<u>1,505,771</u>
<b>TOTAL EXPENSES</b>	<b><u>17,063,533</u></b>	<b><u>-</u></b>	<b><u>17,063,533</u></b>	<b><u>13,685,411</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>4,356,038</b>	<b>604,004</b>	<b>4,960,042</b>	<b>11,347,792</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b><u>20,160,948</u></b>	<b><u>29,098,888</u></b>	<b><u>49,259,836</u></b>	<b><u>37,912,044</u></b>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 24,516,986</u></b>	<b><u>\$ 29,702,892</u></b>	<b><u>\$ 54,219,878</u></b>	<b><u>\$ 49,259,836</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**PROJECT ANGEL FOOD**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

	2025					2024	
	Support Services						
	Program Services	Management and General	Fundraising	Total Support Services	Total Expenses	Total Expenses	
Salaries	\$ 5,736,074	\$ 422,659	\$ 426,541	\$ 849,200	\$ 6,585,274	\$ 6,061,996	
Employee benefits	1,054,420	77,694	78,408	156,102	1,210,522	1,039,704	
Payroll taxes	467,220	34,427	34,743	69,170	536,390	489,385	
<b>TOTAL PERSONNEL COSTS</b>	<b>7,257,714</b>	<b>534,780</b>	<b>539,692</b>	<b>1,074,472</b>	<b>8,332,186</b>	<b>7,591,085</b>	
Food and containers	3,318,022	-	-	-	3,318,022	2,535,902	
Professional services	549,079	20,592	220,271	240,863	789,942	508,588	
Donor-related expenses	71,649	5,279	714,657	719,936	791,585	702,461	
Bad debt expense	-	139,514	11,500	151,014	151,014	92,127	
Research	75,000	-	-	-	75,000	-	
Meal delivery	350,361	-	-	-	350,361	280,732	
Volunteer recognition and outreach	63,007	1,699	1,715	3,414	66,421	36,487	
Insurance	121,265	8,935	9,017	17,952	139,217	85,544	
Information technology	397,975	29,325	29,594	58,919	456,894	356,222	
Office expenses and supplies	197,948	14,586	14,720	29,306	227,254	154,182	
Facility relocation	441,101	17,619	-	17,619	458,720	751	
Supplies	57,133	1,680	9,685	11,365	68,498	23,612	
Occupancy	1,143,999	33,933	30,146	64,079	1,208,078	643,615	
Staff and board development	80,605	5,939	5,994	11,933	92,538	62,440	
In-kind expense	30,883	1,486	2,407	3,893	34,776	57,140	
Depreciation and amortization	438,160	32,285	32,582	64,867	503,027	554,523	
<b>TOTAL 2025 EXPENSES</b>	<b>\$ 14,593,901</b>	<b>\$ 847,652</b>	<b>\$ 1,621,980</b>	<b>\$ 2,469,632</b>	<b>\$ 17,063,533</b>	<b>\$ 13,685,411</b>	
<b>PERCENTAGE OF EXPENSES</b>	<b>86%</b>	<b>4%</b>	<b>10%</b>	<b>14%</b>	<b>100%</b>	<b>100%</b>	
Capital campaign costs	-	-	(488,545)	(488,545)	(488,545)	(488,545)	
<b>TOTAL 2025 EXPENSES, EXCLUDING</b>							
<b>CAPITAL CAMPAIGN COSTS</b>	<b>\$ 14,593,901</b>	<b>\$ 847,652</b>	<b>\$ 1,133,435</b>	<b>\$ 1,981,087</b>	<b>\$ 16,574,988</b>		
<b>PERCENTAGE OF EXPENSES</b>	<b>88%</b>	<b>5%</b>	<b>7%</b>	<b>12%</b>	<b>100%</b>		

The accompanying notes are an integral part of these consolidated financial statements.

**PROJECT ANGEL FOOD**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,960,042	\$ 11,347,792
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	503,027	554,523
Amortization of debt issuance costs	40,077	20,173
Net realized and unrealized gains on investments	(4,814)	(381,320)
Loss on restricted pledges	1,171,758	-
Bad debt expense	151,014	92,127
Change in discount on contributions receivable	(449,735)	171,256
Loss (gain) on sale of property and equipment	285,532	(32,475)
Contributions restricted for capital campaign	(1,465,893)	(8,550,455)
Change in operating assets and liabilities:		
Receivables	3,767,815	(2,709,950)
Prepaid expenses and other assets	48,428	(156,072)
Accounts payable	1,517,634	80,063
Accrued liabilities	(426,128)	(184,487)
Advances received	(372,887)	178,718
Net Cash Provided By Operating Activities	<u>9,725,870</u>	<u>429,893</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(11,679,093)	(47,897,605)
Proceeds from sale of investments	1,904,301	55,940,477
Issuance of loan receivable	-	(16,569,350)
Purchase of property and equipment	(11,872,383)	(1,570,252)
Proceeds from sale of property and equipment	88,201	43,123
Net Cash Used In Investing Activities	<u>(21,558,974)</u>	<u>(10,053,607)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	-	23,143,321
Contributions restricted for capital campaign costs	1,465,893	8,550,455
Net Cash Provided By Financing Activities	<u>1,465,893</u>	<u>31,693,776</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(10,367,211)</b>	<b>22,070,062</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>25,305,469</b>	<b>3,235,407</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 14,938,258</b>	<b>\$ 25,305,469</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 138,545	\$ 151,818

The accompanying notes are an integral part of these consolidated financial statements.

**PROJECT ANGEL FOOD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 1 – Organization**

*Overview*

Project Angel Food is a nonprofit organization that nourishes the health and spirit of vulnerable people facing critical and life-threatening illnesses by preparing and delivering medically tailored meals with love, care, and dignity. Over the past 35 years, Project Angel Food has prepared and delivered more than 20 million meals to 35,900 clients, reaching its 19 millionth meal in January 2025.

Supported by volunteers and staff, Project Angel Food provides free, nutritious meals to individuals who are too ill to cook for themselves. Registered dietitians work with chefs to create custom meal plans tailored to each client's medical needs, so meals are both nourishing and support clinical goals. Staff drivers deliver meals using a fleet of 14 refrigerated vans across 76 major routes spanning Los Angeles County's 4,751 square miles, including the Antelope Valley, East and Metro Los Angeles, the San Fernando and San Gabriel Valleys, South Los Angeles, South Bay/Long Beach, and West Los Angeles.

Project Angel Food is one of the only nonprofit organizations that provide free food and nutrition services to people of all backgrounds and diagnoses across the entire county. In fiscal year (FY) 2025, Project Angel Food delivered 1,474,993 meals to a record 7,157 clients (a 36% increase from the prior FY), driven by enrollment of 4,373 new clients (a 76% increase from the prior FY). Through its Healthy Start Program, Project Angel Food also delivered 272,970 breakfasts—such as cereal, fruit, yogurt, and milk—to children living with critically ill clients.

*History of Project Angel Food*

Founded by Marianne Williamson during the height of the AIDS crisis in West Hollywood, Project Angel Food began in a church kitchen with volunteers delivering meals to people living with HIV/AIDS. In 2004, the mission expanded to serve individuals with a broader range of critical illnesses, including diabetes, cancer, heart failure, and kidney disease. Since moving from a church kitchen to its current facility, located at 922 Vine Street, in 2007, Project Angel Food has continued to grow, especially during the COVID-19 pandemic, when daily deliveries surged from approximately 1,500 to 2,500. Now, to meet rising demand, it is expanding into a new 30,000-square-foot, energy-efficient, two-building campus. Renovation of the existing facility began in August 2024 and is scheduled for completion by year-end 2025. Construction of the new Chuck Lorre Family Foundation Campus is projected to begin by summer 2026.

**PROJECT ANGEL FOOD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 1 – Organization (Continued)**

*Organizational Structure*

A volunteer Board of Directors provides strategic direction, financial oversight, and legal governance. Project Angel Food employs 111 staff representing diverse racial backgrounds and gender identities. Under the CEO, eight directors and five associate directors oversee administration, client services, communications, development, dispatch, finance, kitchen, nutrition services, operations, and programs.

Volunteers, including retirees, students, and corporate groups, are integral to Project Angel Food's mission. In FY2025, boosted by service during the L.A. fires, volunteer participation increased 40% to 5,814 individuals who worked 15,314 shifts and contributed 47,881 hours, an estimated equivalent of 26 full-time employees and valued at approximately \$1.1 million. Notable volunteer engagements included U.S. Senator Alex Padilla and family (Thanksgiving) and California Governor Gavin Newsom, First Partner Jennifer Siebel Newsom, and their children (fire relief efforts).

*The Work of Project Angel Food*

At its core, Project Angel Food provides medically tailored meals and evidence-based nutrition counseling aligned with each client's diagnosis and care plan, grounded in a person-first, compassionate approach. Key objectives include serving individuals who are too ill to shop or cook for themselves; combating malnutrition through personalized, diagnosis-aligned meal plans; improving health outcomes (independent studies show medically tailored meal interventions can significantly reduce hospitalizations); and providing ongoing nutrition education and counseling by registered dietitians.

Project Angel Food advocates for solutions to hunger, HIV, malnutrition, aging, and the Food is Medicine movement, partnering with more than 200 healthcare, social service, and community organizations to identify clients. Project Angel Food is a founding member of the Food is Medicine Coalition (FIMC), which adheres to accreditation standards that involve evaluating meal quality, packaging, safety, and client services, ensuring that all meals meet established nutritional guidelines and remain free from artificial additives, trans fats, and excessive processing. Client and Nutrition Services teams coordinate individualized meal plans and provide regular counseling, with menu variety designed to avoid repetition within a 90-day cycle.

**PROJECT ANGEL FOOD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 1 – Organization (Continued)**

*The Work of Project Angel Food (Continued)*

Meals are prepared by staff and volunteers and delivered by drivers or volunteers. Project Angel Food delivers more than 3,110 entrees and 931 breakfasts daily, along with fresh fruit, offering nourishment and social connection to reduce isolation. In addition to meals, Project Angel Food offers birthday bags, veteran care packages, holiday meals, holiday gifts for children, kid's breakfast bags, Mother's Day flowers, and the Telephone Angels Program with volunteers calling clients to alleviate loneliness. Project Angel Food maintains strong privacy protections and HIPAA compliance practices, earning a "very good" HIPAA rating. It also holds a Four-Star rating from Charity Navigator, a Platinum Seal of Transparency from Candid/GuideStar, and has twice been named California's Nonprofit of the Year.

*The People Project Angel Food Serves*

Project Angel Food serves the food- and health-insecure populations of Los Angeles County. Each year, approximately 7,157 individuals receive services, with ages ranging from 9 to 108 and a median age of 62; 58% are aged 60 or older. Demographically, 84% of clients are people of color (48% Hispanic/Latino, 18% Black, 6% Asian/Pacific Islander, 1% Native American, and 11% other), and 16% are White. Clients identify as 50% female (including 1% female-identifying transgender), 50% male, and 5% identify as LGBTQ+.

Primary qualifying illnesses include severe diabetes (32%), cardiovascular disease (12%), end-stage renal disease (11%), cancer (9%), chronic kidney disease (8%), HIV/AIDS (7%), congestive heart failure (6%), Alzheimer's disease (3%), non-cancer lung disease (2%), serious mental illness (1%), musculoskeletal disorders (1%), liver disease (1%), and other conditions (7%). Economically, 78% of clients live below the federal poverty level; 95% meet HUD's "Very Low Income" criteria. Notably, 86% report Project Angel Food as their only consistent source of food.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 1 – Organization (Continued)**

*Community Supports Program*

Under California's CalAIM initiative, Project Angel Food partners with major health plans, including Anthem, Blue Shield Promise, Health Net, L.A. Care, and Molina, to provide meals and nutritional counseling as Community Supports benefits. In FY2022, Project Angel Food initially served 95 Community Supports clients, delivering 6,832 meals and conducting five nutrition counseling sessions. By FY2025, Community Supports accounted for 62% of total clients; Project Angel Food served 4,431 Community Supports clients, delivering tens of thousands of meals and conducting 860 one-on-one nutrition counseling sessions. Looking ahead, growth in Community Supports is at risk due to anticipated Medicaid reductions (Medicaid funds account for approximately 90% of CalAIM). While the model strengthens healthcare integration and diversifies revenue, leadership is conducting scenario planning to mitigate the impact of potential federal cuts.

*Expansion and Future Plans*

Through the Rise to the Challenge campaign, Project Angel Food is undertaking a \$51.5 million expansion at its Vine Street site to create the Chuck Lorre Family Foundation Campus. Construction began in August 2024, encompassing a full renovation of the existing facility and construction of a second building. By 2027, operations are planned to span a 30,000-square-foot, two-building complex. The expansion is designed to increase capacity to up to 10,000 medically-tailored meals daily, scale client and nutrition services, establish a research and policy institute, and deepen volunteer engagement.

*Agency Challenges*

In FY2024, Project Angel Food faced the following significant challenges as it expanded services to meet the growing needs of the community:

**Temporary kitchen and office spaces and continuity of service:** During construction, Project Angel Food operated from two temporary locations (including a Lincoln Heights "ghost kitchen") while maintaining uninterrupted service. Volunteer turnout dipped due to distance and limited parking, so 12 additional staff were hired to stabilize coverage. Short-term leases were secured, meals were pre-positioned to prevent gaps, and logistics were coordinated across both sites to meet daily delivery targets.

**PROJECT ANGEL FOOD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 1 – Organization (Continued)**

*Agency Challenges (Continued)*

**Inflation and input costs:** Inflation continued to pressure budgets. According to the U.S. Bureau of Labor Statistics, U.S. food prices rose 3.2% from summer 2024 to summer 2025, and the meats/poultry/fish/eggs category increased 5.6%. In the Los Angeles, Long Beach, and Anaheim areas, food prices rose 4.2% over the same period, intensifying local cost pressures on meal production and distribution. To remain competitive in a tight labor market, Project Angel Food maintained a \$21.25/hour minimum wage for its workforce of 111.

**Federal funding cuts and pauses:** In March 2025, FEMA paused Emergency Food and Shelter Program allocations, freezing \$130 million nationwide and immediately halting an anticipated \$175,000 for Project Angel Food. Additional federal reductions are expected to affect HIV/AIDS funding in early FY2026, with larger cuts possible thereafter.

**Fires and emergency response:** The January 2025 wildfires, including the Palisades and Eaton fires, caused evacuations and broad disruption to operations. Despite some staff and volunteers experiencing personal losses, Project Angel Food proactively contacted affected clients (approximately 400), temporarily relaxed intake for residents in burn areas, and delivered emergency kits, groceries, water, toiletries, and, as needed, gift cards for essentials. A viral call for help led to more than 8,000 prospective volunteers contacting Project Angel Food within 48 hours, prompting rapid implementation of automated scheduling and surge staffing. As one client shared, “You were the first to call to see how I was doing and what I needed.”

*Summary*

Project Angel Food continues to expand its reach and impact while navigating operational transitions, inflation pressures, and public-funding volatility. Strong governance disciplined financial management, diversified partnerships, and a committed volunteer base position Project Angel Food to adapt to changing conditions and continue effectively serving critically ill residents of Los Angeles County.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Consolidation***

The accompanying consolidated financial statements include the accounts of Project Angel Food and its wholly owned subsidiaries, 960 Vine LLC and Friends of Project Angel Food (collectively, the Organization). 960 Vine LLC is a limited liability company that was established to own and rent out the building at 960 Vine Street. Friends of Project Angel Food was created to hold the loan related to the New Market Tax Credit. (See Note 4.) All intercompany amounts and transactions have been eliminated upon consolidation.

***Basis of Presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

***Reclassifications***

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year's presentation.

***Consolidated Financial Statement Presentation***

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and support are classified based on the existence or absence of donor-imposed restrictions as follows:

***Without Donor Restrictions*** - Net assets that are not subject to donor-imposed restrictions. The Organization holds certain cash equivalents in a separate account to act as a board-designated operating reserve. The Board of Directors of the Organization directs the use of the funds, which have been designated to be used as a cushion to stabilize finances in the event of unexpected events, short-term loss of income, or other large unbudgeted expenses. At June 30, 2025, net assets of \$5,090,618 have been designated in the operating reserve.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***With Donor Restrictions*** – Net assets subject to donor-imposed restrictions that are temporary in nature that will be met either by actions of the Organization or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions. Other donor stipulations may be perpetual in nature. At June 30, 2025, the Organization had no net assets with donor restrictions that are restricted in perpetuity.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Prior-Year Comparative Information***

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

***Cash and Cash Equivalents***

For the purpose of the consolidated statement of cash flows, the Organization considers cash on hand and all highly liquid debt instruments with maturities of three months or less at the time of purchase to be cash and cash equivalents.

**PROJECT ANGEL FOOD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

**Concentration of Credit Risk**

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

The Organization derived 20% of total revenue from one healthcare partner during 2025. This healthcare partner accounted for 15% of total accounts receivable as of June 30, 2025.

***Receivables***

Receivables mainly consist of grants and contributions receivable and amounts due for services performed. Management estimates an allowance for credit losses based on historical collection trends, type of customer, the age of outstanding receivables, and existing economic conditions. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting amounts due. At June 30, 2025, the allowance for credit losses was \$60,000.

Discounts for receivables due over one year are recorded as reductions to contribution revenue and receivables when deemed material. The Organization discounted any long-term receivables that were deemed material at June 30, 2025, resulting in a discount of \$164,546. At June 30, 2025, the Organization used 3.45% as its present value discount factor, which is based on its current borrowing rate.

***Investments***

Investments are reported in the accompanying consolidated statement of financial position at fair value. Changes in fair value that occur during a fiscal year are recognized as investment return in the consolidated statement of activities. Investment return includes interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity, or sale of investments.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Limited Partnership Interest***

The Organization's investments include ownership in a limited partnership, which is considered an alternative investment. Alternative investments that are purchased are recorded at acquisition cost, and those received as contributions are measured at fair value and recognized as revenue or gain in the period received. Recognized gains and losses on alternative investments, and the dividends, interest, and other income generated by those investments, are reported in the consolidated statement of activities as increases in net assets without donor restrictions, unless use of the assets or investment income is limited by donor-imposed restrictions. If the Organization determines that the carrying value of an investment exceeds its fair value, and that difference is other than temporary, the Organization writes down the value of the investment to its fair value. No impairment was recorded during the year ended June 30, 2025. The limited partnership interest was donated in a prior period and management expects that it will be liquidated in the next twelve months.

***Property and Equipment***

Property and equipment are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is computed using the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,500 and the useful life is greater than one year. The estimated useful lives of property and equipment are as follows:

Building	50 years
Kitchen equipment	7 years
Furniture and fixtures	7 years
Office equipment	3 years
Vehicles	5 years

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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Long-Lived Assets***

The Organization reviews the carrying value of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. At June 30, 2025, the Organization recognized no impairment on its long-lived assets.

***Debt Issuance Costs***

Commissions and fees associated with acquiring debt facilities paid to third parties are netted against the related debt instrument and amortized on a straight-line basis, which approximates the interest method, over the term of the agreements. Debt issuance costs, net of accumulated amortization, totaled \$901,719 at June 30, 2025.

***Program Service Fee Revenue***

The Organization recognizes revenue from services provided to eligible individuals in the amount that reflects the consideration to which the Organization expects to be entitled for providing medical nutritional services. Performance obligations are determined based on the nature of the services provided and generally include a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. The transaction price is based on agreed upon rates for services provided.

***Contributions and Grants***

Unconditional contributions, including promises to give, are recognized as revenue and support in the period the promise is received and recorded at estimated fair value. Revenue and support are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Contributions and Grants (Continued)***

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. At June 30, 2025, the Organization is party to conditional contributions of approximately \$734,000, which are contingent on the occurrence of certain special events or program accomplishments and are recognized as advances received in the accompanying consolidated statement of financial position.

A portion of revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

The Organization has been named as a beneficiary in a number of bequests. Certain of these gifts have not been recorded in the consolidated financial statements because the donors' wills have not yet been declared valid by the probate court and/or the value of the amounts to be received is not yet determinable. The Organization records and reports all gifts when declared valid and the amount is determinable. Bequests are included in revenue and support in the consolidated statement of activities.

***Special Events***

Revenue from special events includes sponsorships, ticket sales, and donations. Sponsorship and ticket sales are recognized in the period in which the event occurs. During 2025, the Organization held four events and was the recipient of funds from multiple third-party fundraising events.

***Donated Goods and Services***

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended June 30, 2025, the Organization recognized services of 696 hours valued at \$34,776, which were all utilized in the delivery of its programs and included in other income on the consolidated statement of activities.

**PROJECT ANGEL FOOD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Donated Goods and Services (Continued)***

The Organization receives a significant amount of contributed time from volunteers that does not meet the recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying consolidated financial statements. The Organization receives donated services in the form of kitchen assistants, drivers, volunteer Board of Directors and committee members, creative consultants, event volunteers, and office assistants. The hours contributed are estimated by management to be 47,881 hours.

***Income Taxes***

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar provisions under the California Revenue and Taxation Code and is not a private foundation. The Organization does have unrelated business income due to debt-finances rentals. This activity is estimated to be a loss for the current fiscal year so no provision for income taxes has been included in the consolidated financial statements.

960 Vine is a limited liability company and is considered a disregarded entity for tax purposes. For California purposes, 960 Vine LLC is required to pay a fee based on gross receipts, as defined, plus \$800 annually. FPAF has been granted an exemption from federal taxes under section 501(c)(3) of the Internal Revenue Code and similar provisions of the California Revenue and Taxation Code and is not a private foundation. FPAF does not have any income which would subject them to unrelated business income taxes.

U.S. GAAP prescribes a recognition threshold and measurement attribute for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires that an organization recognize in the consolidated financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2025, the Organization had no unrecognized tax benefits, tax penalties, or interest. 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.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

*Income Taxes (Continued)*

The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years.

*Functional Allocation of Expenses*

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Organization uses salary dollars and the number of employees per department to allocate indirect costs. Included in expenses are \$488,545 and \$580,520 related to the capital campaign for the years ended June 30, 2025 and 2024, respectively. These are expected to be ongoing expenditures through 2027, when the capital campaign project is expected to be completed.

*Fair Value of Financial Instruments*

Investments are reported at fair value. The carrying amount of cash and cash equivalents and payables approximates fair value because of the relatively short-term nature of these financial instruments.

Current accounting standards define fair market value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. These standards categorize the method for determining the fair market value into three levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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- Level 3 inputs are unobservable inputs for the asset or liability.

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Fair Value of Financial Instruments (Continued)***

The Organization's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

***Lease Arrangements***

The Organization recognizes lease liabilities and related right-of-use assets for all leases (with the exception of short-term leases) at the commencement date of the lease and discloses key information about leasing arrangements. The Organization accounts for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the consolidated statement of activities in the period in which the obligation for the payments is incurred.

The Organization leases portions of its operating facility to unrelated third parties. Rental income is recognized when the performance obligations of providing the services are met. Rental income from unrelated parties for the year ended June 30, 2025 was \$215,027.

***Subsequent Events***

Management has evaluated subsequent events from the consolidated statement of financial position date through December 23, 2025, the date on which the consolidated financial statements were available to be issued.

In July 2025, the Organization paid off the City National Bank note payable (see Note 10).

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 3 – Liquidity and Availability of Resources**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

Financial assets at June 30, 2025:	
Cash and cash equivalents	\$ 14,938,258
Receivables, net	8,074,994
Investments	<u>20,634,316</u>
	<u>43,647,568</u>
Less amounts not available to be used within one year due to:	
Board-designated reserve	<u>(5,090,618)</u>
Donor-imposed purpose or time restrictions	<u>(29,702,892)</u>
Add amounts already spent for capital campaign	<u>13,902,384</u>
Net donor-imposed purpose or time restrictions	<u>(15,800,508)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 22,756,442</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has spent approximately 14 million of restricted funds towards the capital campaign renovations that are added back in the schedule. The donor-imposed capital campaign restriction will be released at a future date when project is placed in service. The Organization's governing board has designated a portion of its unrestricted resources for reserve purposes. These funds remain available and may be spent at the discretion of the Board of Directors and could be appropriated if needed.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 4 – New Market Tax Credit**

In order to finance the required refurbishment of the 922 Vine Street building, the Organization initiated a capital campaign and received support from the U.S. Department of the Treasury's New Market Tax Credit Program (NMTC). As a result, the Organization was required to enter into the following series of transactions:

- Friends of Project Angel Food (FPAF) was formed by the Organization. FPAF contributed \$16,569,350 as a leverage loan to the 922 Vine Investment Fund, LLC to be used in combination with the contributed capital to make the qualified equity investment (QEI) of \$24,500,000 in Genesis and LADF two Community Development Enterprises (collectively the Sub-CDEs). The leverage loan is reflected as a loan receivable on the consolidated statement of financial position as of June 30, 2025. The loan receivable shall accrue interest at a rate of 1.02% per annum. All principal and interest amounts on the loan are due back to FPAF at the maturity date of March 21, 2052. The Sub-CDEs utilized the QEI to make qualified low-income community investments (QLICI) to the Organization in the aggregate principal amount of \$24,080,000.
- Genesis Sub-CDE made QLICIs to the Organization in the form of two loans in the aggregate total of \$13,580,000. The principal balance of the notes bears interest at a rate of 1.03% per annum. The Organization is required to make quarterly interest payments beginning June 5, 2024. Beginning September 5, 2031, the Organization is required to make quarterly payments of principal and interest over the remaining term of the notes. All principal and interest are due at the maturity date of March 21, 2058. Additionally, the Organization is obligated to pay the asset management fee of \$91,000 annually and operating expense amounts directly to the Sub-CDE. The Organization is required to maintain a reserve cash account to pay the required asset management fees. As of June 30, 2025, \$679,932 remains restricted in the Genesis reserve cash account. On March 21, 2031, the Organization is obligated to pay a one-time payment of the principal loan balance in the amount of \$70,000. The debt is secured by the Organization's property.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 4 – New Market Tax Credit (Continued)**

- LADF Sub-CDE made QLICIs to the Organization in the form of two loans in the aggregate total of \$10,500,000. The principal balance of the notes bears interest at a rate of 1.03% per annum. The Organization is required to make quarterly interest payments beginning June 5, 2024. Beginning September 5, 2031, the Organization is required to make quarterly payments of principal and interest over the remaining term of the notes. All principal and interest are due at the maturity date of March 21, 2058. Additionally, the Organization is obligated to pay a one-time amount at the closing date for the placement fee in the amount of \$210,000 and an annual asset management fee of \$78,750, and operating expense amounts directly to the Sub-CDE. The Organization is required to maintain a reserve cash account to pay the required asset management fees. As of June 30, 2025, \$541,625 remains restricted in the Genesis Reserve cash account. The debt is secured by the Organization's property.
- FPAF entered into a put and call agreement with Wells Fargo Community Investment Holdings LLC (investment fund), in which Wells Fargo owns 100% of the membership interests in 922 Vine Investment Fund, LLC. 90 days after the seventh anniversary of the last QEI by the investment fund, Wells Fargo has the right and option to require FPAF to purchase all of the interest in the investment fund. The put exercise price shall be the greater of \$1,000 or the sum of any unpaid obligations under the NMTC guarantee. If Wells Fargo does not exercise the put option, FPAF shall have the right and option to purchase all of the interest in the investment fund for 90 days following the expiration of the put exercise period. The call exercise price shall be the fair market value of the interest plus any unpaid obligations under the NMTC guarantee and shall not be less than the put exercise price.

The Organization has guaranteed it will meet certain NMTC requirements and will be a qualified business for the entire seven-year compliance period. The compliance period ends in March 2031. If these guarantees are not met, the Organization will be required to pay a tax credit recapture fee, including interest and penalties assessed by the Internal Revenue Service. As of June 30, 2025, the Organization is in compliance with these requirements.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 5 – Loan Receivable**

On March 21, 2024, the Organization loaned \$16,569,350 to 922 Vine Investment Fund, LLC. The loan accrues interest at 1.02% per annum and all principal and interest amounts are due to be received in March 2052. Interest income from the note was approximately \$169,000 for the year ended June 30, 2025.

**NOTE 6 – Investments**

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2025:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Certificates of deposit	\$ 4,349,395	\$ -	\$ -	\$ 4,349,395
Government securities	15,177,341	-	-	15,177,341
Limited partnership interests	- _____ \$ 19,526,736	- _____ \$ -	1,107,580 _____ \$ 1,107,580	1,107,580 _____ \$ 20,634,316

Investment return consists of the following for the year ended June 30, 2025:

Interest and dividend income	\$ 1,139,147
Realized and unrealized gains on investments	4,814 _____ \$ 1,143,961
	\$ 1,143,961

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 7 – Receivables**

Receivables at June 30, 2025 are made up of the following:

Contributions receivable	\$ 6,366,296
Health care partners receivable	1,830,552
Other receivables	<u>102,692</u>
	8,299,540
Less allowance for credit losses	(60,000)
Less discount to net present value of 3.45%	<u>(164,546)</u>
 Total receivables	 <u>\$ 8,074,994</u>

Receivables at June 30, 2025 are expected to be collected as follows:

Within one year	\$ 6,330,328
In one to five years	<u>1,969,212</u>
	<u>\$ 8,299,540</u>

**NOTE 8 – Limited Partnership Interest**

The Organization holds limited partner ownership interests of 8.335% and 11.67% in two limited partnerships.

Both limited partnerships are real estate holding partnerships whose primary assets are industrial warehouse buildings in New Jersey and earn revenue through rental income. There were no changes in the fair value of the two investments during the year ended June 30, 2025. The fair value of these partnership interests are classified within level 3 of the valuation hierarchy. (See note 6.) The limited partnership interest was donated in a prior period and management expects that it will be liquidated in the next twelve months.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 9 – Property and Equipment**

Property and equipment at June 30, 2025 consists of the following:

Buildings	\$ 11,271,699
Kitchen equipment	490,631
Office equipment	309,133
Vehicles	973,114
Construction in progress	<u>13,902,384</u>
	<u>26,946,961</u>
Less accumulated depreciation	<u>(2,729,826)</u>
Property and equipment, net	<u>\$ 24,217,135</u>

Depreciation and amortization expense for the year ended June 30, 2025 was \$503,027.

Construction in progress relates to renovations of the 922 and 960 Vine Street buildings. The Project is a two-phase \$51,000,000, multi-year renovation project. Renovations for 922 Vine Street are expected to be completed in January 2026 and renovations for 960 Vine Street are expected to be completed in 2027.

**NOTE 10 – Notes Payable**

In April 2022, the Organization entered into an agreement with City National Bank to finance the purchase of a building. The principal amount of the loan is \$4,500,000. Interest-only payments are due monthly starting July 2022, and the interest rate is 3.45%. The principal balance was originally due, in full, on June 1, 2025; however, the Organization subsequently paid the balance in July 2025 (see Note 2). Borrowings are secured by the building. See Note 4 regarding notes payable related to New Market Tax Credit financing.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 10 – Notes Payable (Continued)**

Notes payable consist of the following at June 30, 2025:

Note payable - bank, secured by a deed of trust on land and building, interest at 3.45% due monthly, beginning July 1, 2022, balance was paid in full in July 2025.	\$ 4,328,394
Note payable - Los Angeles Development Fund, in relation to New Market Tax Credit, interest at 1.03% due quarterly, beginning June 2024. Principal payments begin September 2031, balance due March 2058	10,500,000
Note payable - Genesis LA CDE, LLC, in relation to New Market Tax Credit, interest at 1.03% due quarterly, beginning June 2024. Principal payments begin June 2031, balance due March 2058	13,580,000
Less unamortized debt issuance costs	<u>(901,719)</u>
	<u>\$ 27,506,675</u>

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 10 – Notes Payable (Continued)**

Future maturities of notes payable are as follows:

<b>Year Ending</b> <b>June 30,</b>	
2026	\$ 4,328,394
2027	-
2028	-
2029	-
2030	-
Thereafter	<u>24,080,000</u>
	<u>28,408,394</u>
Less unamortized debt issuance costs	<u>(901,719)</u>
	<u><u>\$ 27,506,675</u></u>

**NOTE 11 – Lease Arrangements**

*Leasing Arrangements as a Lessor*

The Organization leases office space to tenants under noncancelable operating leases. All lease terms are month to month and there are no future minimum receipts.

*Leasing Arrangements as a Lessee*

The Organization is leasing space through December 2026 for its kitchen operations while it is undergoing renovations. The arrangements provide for minimum lease payments. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease asset and liability. The lease agreement does not include residual value guarantees or restrictive covenants.

The components of operating lease expenses that are included in occupancy expense on the consolidated statement of functional expenses for the year ended June 30, 2025 is \$90,000.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 11 – Lease Arrangements (Continued)**

*Leasing Arrangements as a Lessee (Continued)*

The following summarizes the supplemental cash flow information related to leases for the year ended June 30, 2025:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 90,000

The weighted-average remaining lease term and discount rate for the operating leases as of June 30, 2025 were 1.5 years and 4.69%, respectively.

The maturities of operating lease liabilities as of June 30, 2025 are as follows:

<b>Year Ending</b>	
<b>June 30,</b>	
2026	\$ 90,000
2027	45,000
	<hr/>
Less amount representing interest	135,000
	<hr/>
Total minimum lease payments	(4,376)
	<hr/>
	\$ 130,624

**NOTE 12 – Commitments and Contingencies**

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, which may result from these governmental audits, cannot be reasonably estimated and, accordingly, the Organization has no provision for the possible disallowance of program costs on its consolidated financial statements.

**PROJECT ANGEL FOOD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 12 – Commitments and Contingencies (Continued)**

*Litigation*

In the normal course of business, the Organization may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the consolidated financial statements of the Organization as of June 30, 2025.

**NOTE 13 – Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2025 are made up of the following:

	<u>Balance at</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Releases / Loss</u>	<u>Balance at</u> <u>June 30, 2025</u>
Capital campaign	\$ 29,098,888	\$ 1,465,893	\$ (1,171,758)	\$ 29,393,023
Fire relief	-	250,000	(217,132)	32,868
Time	-	460,000	(182,999)	277,001
	<u>\$ 29,098,888</u>	<u>\$ 2,175,893</u>	<u>\$ (1,571,889)</u>	<u>\$ 29,702,892</u>

**NOTE 14 – Retirement Plan**

The Organization maintains a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code which covers substantially all of its full-time employees and allows for both employee and discretionary employer contributions. The Organization contributed \$128,889 to the plan during the year ended June 30, 2025. The Organization then established an eligible 457(b) deferred compensation plan during the year ended June 30, 2025, which allows for discretionary employer contributions. During the year ended June 30, 2025, the Organization contributed \$23,000 to this plan.

**SUPPLEMENTAL CONSOLIDATING STATEMENTS**

**PROJECT ANGEL FOOD**  
**SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2025**

<b>ASSETS</b>					
	<b>Project Angel Food</b>	<b>960 Vine LLC</b>	<b>Friends of Project Angel Food</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,610,004	\$ 116,656	\$ 211,598	\$ -	\$ 14,938,258
Receivables, net	8,235,285	-	-	(160,291)	8,074,994
Prepaid expenses and other assets	300,634	-	4,627	-	305,261
Investments	20,634,316	-	-	-	20,634,316
Operating lease right-of-use assets	130,624	-	-	-	130,624
Loan receivable	-	-	16,569,350	-	16,569,350
Property and equipment, net	<u>20,193,052</u>	<u>4,024,083</u>	<u>-</u>	<u>-</u>	<u>24,217,135</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 64,103,915</u></b>	<b><u>\$ 4,140,739</u></b>	<b><u>\$ 16,785,575</u></b>	<b><u>\$ (160,291)</u></b>	<b><u>\$ 84,869,938</u></b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 2,374,327	\$ 148,410	\$ 10,321	\$ (160,291)	\$ 2,372,767
Accrued liabilities	482,873	14,100	-	-	496,973
Advances received	143,021	-	-	-	143,021
Operating lease liabilities	130,624	-	-	-	130,624
Note payable, net	<u>23,178,515</u>	<u>4,328,160</u>	<u>-</u>	<u>-</u>	<u>27,506,675</u>
	<u>26,309,360</u>	<u>4,490,670</u>	<u>10,321</u>	<u>(160,291)</u>	<u>30,650,060</u>
<b>NET ASSETS</b>					
Without donor restrictions					
Undesignated	3,001,045	(349,931)	16,775,254	-	19,426,368
Board designated	<u>5,090,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,090,618</u>
	<u>8,091,663</u>	<u>(349,931)</u>	<u>16,775,254</u>	<u>-</u>	<u>24,516,986</u>
With donor restrictions	<u>29,702,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,702,892</u>
<b>TOTAL NET ASSETS</b>	<b><u>37,794,555</u></b>	<b><u>(349,931)</u></b>	<b><u>16,775,254</u></b>	<b><u>-</u></b>	<b><u>54,219,878</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 64,103,915</u></b>	<b><u>\$ 4,140,739</u></b>	<b><u>\$ 16,785,575</u></b>	<b><u>\$ (160,291)</u></b>	<b><u>\$ 84,869,938</u></b>

**PROJECT ANGEL FOOD**  
**SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Project Angel Food Operations</b>	<b>Project Angel Food Capital</b>	<b>Project Angel Food Total</b>	<b>960 Vine LLC</b>	<b>Friends of Project Angel Food</b>	<b>Eliminations</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>							
Individual contributions	\$ 4,935,918	\$ 1,465,893	\$ 6,401,811	\$ -	\$ -	\$ -	\$ 6,401,811
Corporate and foundation grants	3,571,600	-	3,571,600	-	-	-	3,571,600
Federal grants and contracts	2,250,050	-	2,250,050	-	-	-	2,250,050
State and local grants and contracts	423,585	-	423,585	-	-	-	423,585
Program serices fees	7,338,725	-	7,338,725	-	-	-	7,338,725
Special event revenue, net of direct expenses of \$727,189 and \$522,176 for 2025 and 2024, respectively	1,866,422	-	1,866,422	-	-	-	1,866,422
Investment return, net	1,143,961	-	1,143,961	-	-	-	1,143,961
Other income	(184,855)	-	(184,855)	215,027	169,007	-	199,179
Loss on restricted pledge	-	(1,171,758)	(1,171,758)	-	-	-	(1,171,758)
<b>TOTAL REVENUE AND SUPPORT</b>	<b>21,345,406</b>	<b>294,135</b>	<b>21,639,541</b>	<b>215,027</b>	<b>169,007</b>	<b>-</b>	<b>22,023,575</b>
<b>EXPENSES</b>							
Program services	14,593,901	-	14,593,901	-	-	-	14,593,901
Management and general	511,758	-	511,758	326,414	9,480	-	847,652
Fundraising	1,133,435	488,545	1,621,980	-	-	-	1,621,980
<b>TOTAL EXPENSES</b>	<b>16,239,094</b>	<b>488,545</b>	<b>16,727,639</b>	<b>326,414</b>	<b>9,480</b>	<b>-</b>	<b>17,063,533</b>
<b>CHANGE IN NET ASSETS</b>	<b>5,106,312</b>	<b>(194,410)</b>	<b>4,911,902</b>	<b>(111,387)</b>	<b>159,527</b>	<b>-</b>	<b>4,960,042</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>21,770,052</b>	<b>11,112,601</b>	<b>32,882,653</b>	<b>(238,544)</b>	<b>16,615,727</b>	<b>-</b>	<b>49,259,836</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 26,876,364</b>	<b>\$ 10,918,191</b>	<b>\$ 37,794,555</b>	<b>\$ (349,931)</b>	<b>\$ 16,775,254</b>	<b>\$ -</b>	<b>\$ 54,219,878</b>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
Project Angel Food

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 consolidated financial statements of Project Angel Food (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 23, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's consolidated 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 may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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.

A handwritten signature in black ink that reads "Windes, Inc." The signature is fluid and cursive, with "Windes" on the top line and "Inc." on the bottom line.

Long Beach, California  
December 23, 2025

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

To the Board of Directors of  
Project Angel Food

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited Project Angel Food's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Windes, Inc." The signature is fluid and cursive, with "Windes" on the top line and "Inc." on the bottom line.

Long Beach, California

December 23, 2025

**PROJECT ANGEL FOOD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>
<b>Department of Health and Human Services</b>		
<i>Passed-through the Department of Health Services of the County of Los Angeles</i>		
Ryan White Title I	93.914	\$ 1,270,273
Community Project Funding/Congressionally Directed Spending-Construction	93.493	750,960
<i>Passed-through the Emergency Food and Shelter Program</i>		
Federal Emergency Management Agency	97.024	62,500
<i>Passed-through the Department of Community Services and Development</i>		
Community Services Block Grant	93.569	<u>166,572</u>
<b>Total Expenditures of Federal Awards</b>		<b><u>\$ 2,250,305</u></b>

**PROJECT ANGEL FOOD**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Project Angel Food (the Organization) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

**NOTE 2 – Summary of Significant Accounting Policies**

The Schedule is presented using the accrual basis of accounting, which is described in the notes to the consolidated financial statements of the Organization as of and for the year ended June 30, 2025.

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

There were no awards passed through to subrecipients.

**PROJECT ANGEL FOOD**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2025**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Consolidated Financial Statements**

The independent auditors’ report expresses an unmodified opinion on whether the consolidated financial statements of the Organization were prepared in accordance with generally accepted accounting principles.

*Internal control over financial reporting*

1. Material weakness(es) identified? – None reported
2. Significant deficiencies identified? – None reported
3. Noncompliance material to consolidated financial statements noted? – None reported

**Federal Awards**

*Internal control over major programs*

1. Material weakness(es) identified? – None reported
2. Significant deficiencies identified? – None reported
3. Type of auditors’ report issued on compliance for major programs – Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? – None reported
5. Identification of major programs:  
Directed Spending-Construction, ALN #93.493
6. Dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
7. Auditee qualified as low-risk auditee? – Yes

**SECTION II – FINDINGS CONSOLIDATED FINANCIAL STATEMENTS AUDIT**

None noted.

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None noted.