

REFED, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

REFED, INC.
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ReFED, Inc.

Opinion

We have audited the accompanying financial statements of ReFED, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ReFED, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ReFED, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 ReFED, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ReFED, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ReFED, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
July 26, 2023

REFED, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,712,425	\$ 2,969,954
Contributions receivable	2,015,000	125,000
Sponsorships receivable	32,500	-
Accounts receivable	54,088	120,000
Prepaid expenses	51,828	28,170
Security deposits	<u>22,590</u>	<u>2,089</u>
TOTAL ASSETS	<u>\$ 3,888,431</u>	<u>\$ 3,245,213</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 77,398	\$ 120,539
Accrued expenses and other liabilities	150,119	81,570
Deferred revenue	<u>76,010</u>	<u>101,614</u>
Total liabilities	<u>303,527</u>	<u>303,723</u>
Commitments and contingencies (Notes 8 and 10)		
Net assets:		
Without donor restrictions:		
Undesignated	954,841	987,175
Board designated	<u>835,590</u>	<u>835,000</u>
	1,790,431	1,822,175
With donor restrictions	<u>1,794,473</u>	<u>1,119,315</u>
Total net assets	<u>3,584,904</u>	<u>2,941,490</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,888,431</u>	<u>\$ 3,245,213</u>

See accompanying notes to financial statements.

REFED, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
Contributions	\$ 2,421,723	\$ 2,420,000	\$ 4,841,723
Program service fees	58,587	-	58,587
Conferences	583,072	-	583,072
In-kind contributions	100,000	-	100,000
Net assets released from restrictions	1,744,842	(1,744,842)	-
Total revenue, support and gains	4,908,224	675,158	5,583,382
Expenses:			
Program services expenses:			
Capital and innovation	1,162,450	-	1,162,450
Data and insights	1,300,533	-	1,300,533
Business initiatives	1,002,455	-	1,002,455
Diversity, equity, inclusion	259,832	-	259,832
Policy	51,677	-	51,677
Total program services expenses	3,776,947	-	3,776,947
Supporting services expenses:			
Management and general	699,202	-	699,202
Fundraising	464,153	-	464,153
Total supporting services expenses	1,163,355	-	1,163,355
Total expenses	4,940,302	-	4,940,302
Change in net assets from operating activities	(32,078)	675,158	643,080
Non-operating income:			
Interest income	334	-	334
Change in net assets	(31,744)	675,158	643,414
Net assets - beginning	1,822,175	1,119,315	2,941,490
NET ASSETS - ENDING	\$ 1,790,431	\$ 1,794,473	\$ 3,584,904

See accompanying notes to financial statements.

REFED, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
Contributions	\$ 2,004,409	\$ 745,000	\$ 2,749,409
Program service fees	160,549	-	160,549
In-kind contributions	160,000	-	160,000
Net assets released from restrictions	1,600,685	(1,600,685)	-
Total revenue, support and gains	3,925,643	(855,685)	3,069,958
Expenses:			
Program services expenses:			
Capital and innovation	818,769	-	818,769
Data and insights	940,685	-	940,685
Business initiatives	274,330	-	274,330
Diversity, equity, inclusion	217,795	-	217,795
Total program services expenses	2,251,579	-	2,251,579
Supporting services expenses:			
Management and general	485,830	-	485,830
Fundraising	343,274	-	343,274
Total supporting services expenses	829,104	-	829,104
Total expenses	3,080,683	-	3,080,683
Change in net assets from operating activities	844,960	(855,685)	(10,725)
Non-operating income:			
Paycheck Protection Program loan forgiveness	134,385	-	134,385
Interest income	161	-	161
Total non-operating income	134,546	-	134,546
Change in net assets	979,506	(855,685)	123,821
Net assets - beginning	842,669	1,975,000	2,817,669
NET ASSETS - ENDING	\$ 1,822,175	\$ 1,119,315	\$ 2,941,490

See accompanying notes to financial statements.

REFED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>					<u>Support Services</u>			<u>Total Expenses</u>
	<u>Capital and Innovation</u>	<u>Data and Insights</u>	<u>Business Initiatives</u>	<u>Diversity, Equity, Inclusion</u>	<u>Policy</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 460,673	\$ 482,610	\$ 460,673	\$ 153,558	\$ -	\$ 1,557,514	\$ 307,116	\$ 329,053	\$ 2,193,683
Employee benefits	73,459	77,267	73,458	24,986	-	249,170	67,010	52,470	368,650
Payroll taxes	37,904	39,709	37,903	12,634	-	128,150	25,269	27,074	180,493
Professional fees	259,380	453,843	154,028	43,157	33,656	944,064	98,832	26,289	1,069,185
Accounting fees	-	-	-	-	-	-	79,800	-	79,800
Legal fees	24,500	4,913	-	-	-	29,413	11,926	-	41,339
Office expenses	20,920	57,711	36,896	11,793	11,793	139,113	38,300	24,232	201,645
Rent	12,786	6,393	13,406	10,503	-	43,088	750	1,827	45,665
Database and technology	200	150,810	200	200	200	151,610	-	-	151,610
Travel	7,628	27,277	74,003	3,001	6,028	117,937	56,008	3,208	177,153
Educational conferences	-	-	151,888	-	-	151,888	11,692	-	163,580
Insurance	-	-	-	-	-	-	2,499	-	2,499
Grants to organizations	265,000	-	-	-	-	265,000	-	-	265,000
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,162,450</u>	<u>\$ 1,300,533</u>	<u>\$ 1,002,455</u>	<u>\$ 259,832</u>	<u>\$ 51,677</u>	<u>\$ 3,776,947</u>	<u>\$ 699,202</u>	<u>\$ 464,153</u>	<u>\$ 4,940,302</u>

See accompanying notes to financial statements.

REFED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>				<u>Support Services</u>		<u>Total Expenses</u>	
	<u>Capital and Innovation</u>	<u>Data and Insights</u>	<u>Business Initiatives</u>	<u>Diversity, Equity, Inclusion</u>	<u>Total Program Services</u>	<u>Management and General</u>		<u>Fundraising</u>
Salaries and wages	\$ 523,124	\$ 241,278	\$ 187,427	\$ 121,128	\$ 1,072,957	\$ 159,380	\$ 215,257	\$ 1,447,594
Employee benefits	61,130	28,194	21,902	14,154	125,380	26,245	25,154	176,779
Payroll taxes	36,430	16,803	13,052	8,435	74,720	11,099	14,991	100,810
Professional fees	145,903	406,575	36,345	48,164	636,987	83,108	71,998	792,093
Accounting fees	-	-	-	-	-	82,115	-	82,115
Legal fees	11,197	620	620	620	13,057	21,569	-	34,626
Office expenses	10,326	27,236	7,588	7,778	52,928	54,191	13,189	120,308
Rent	8,139	2,459	6,736	7,163	24,497	3,729	1,711	29,937
Database and technology	1,068	217,165	-	-	218,233	-	-	218,233
Travel	1,952	355	660	10,353	13,320	41,810	974	56,104
Educational conferences	19,500	-	-	-	19,500	-	-	19,500
Insurance	-	-	-	-	-	2,584	-	2,584
TOTAL FUNCTIONAL EXPENSES	<u>\$ 818,769</u>	<u>\$ 940,685</u>	<u>\$ 274,330</u>	<u>\$ 217,795</u>	<u>\$ 2,251,579</u>	<u>\$ 485,830</u>	<u>\$ 343,274</u>	<u>\$ 3,080,683</u>

See accompanying notes to financial statements.

REFED, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 643,414	\$ 123,821
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Paycheck Protection Program loan forgiveness	-	(134,385)
Changes in operating assets and liabilities:		
Contributions receivable	(1,890,000)	1,825,000
Sponsorship receivable	(32,500)	-
Accounts receivable	65,912	(120,000)
Security deposits	(20,501)	1,781
Prepaid expenses	(23,658)	(28,170)
Accounts payable	(43,141)	(228,701)
Accrued expenses and other liabilities	68,549	(67,070)
Deferred revenue	<u>(25,604)</u>	<u>42,013</u>
Net cash provided by (used in) operating activities	(1,257,529)	1,414,289
Cash used in financing activities:		
Repayment of Paycheck Protection Program loan	<u>-</u>	<u>(15,685)</u>
Net increase (decrease) in cash and cash equivalents	(1,257,529)	1,398,604
Cash and cash equivalents - beginning	<u>2,969,954</u>	<u>1,571,350</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,712,425</u>	<u>\$ 2,969,954</u>

See accompanying notes to financial statements.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. **PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

ReFED, Inc. (the "Organization") is a national nonprofit working to end food loss and waste across the food system by advancing data-driven solutions to the problem. The Organization leverages data and insights to highlight supply chain inefficiencies and economic opportunities; mobilize and connect supporters to take targeted action; and catalyze capital to spur innovation and scale high-impact initiatives. The Organization's vision is a sustainable, resilient, and inclusive food system that optimizes environmental resources, minimizes climate impacts, and makes the best use of the food we grow. The Organization is mainly funded through contributions and grants. The Organization is organized as a nonprofit, nonstock corporation in the state of Delaware and operates nationally, including as a registered charity in New York and California. The Organization incorporated in July 2018 and is recognized by the Internal Revenue Services ("IRS") as a 501(c)3 charitable organization.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for future operating needs.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies

Contributions and sponsorships receivable consist primarily of noninterest-bearing amounts due for contributions and sponsorships. Accounts receivable consist primarily of noninterest-bearing amounts due for program services provided. The Organization determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At December 31, 2022, 2021 and 2020, program service receivables were \$54,088, \$120,000, and \$-, respectively. Receivables are written off when deemed uncollectible. At December 31, 2022 and 2021, there was no allowance for uncollectible amounts.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. **PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recoverable Grants

Recoverable grants are grants provided to organizations that contractually only require repayment, generally without interest, if certain financial performance metrics are achieved. Recoverable grants receivable are recorded when these amounts are disbursed and an allowance has been established based on historical recoverability experience that, in management's judgment, is adequate to cover potential losses. At December 31, 2022 and 2021, recoverable grants were \$100,000 and \$-, respectively. At December 31, 2022 and 2021, the allowance for uncollectible recoverable grants was \$100,000 and \$-, respectively.

Revenue Recognition

Program service and conference revenue

The Organization applied the provisions of Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under ASC 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Organization's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Organization determines the transaction price based on contractually agreed upon rates, adjusted for any variable consideration, if any.

Program services are offered by the Organization throughout the course of the year. Revenues from these services are recognized over time as services are rendered. Conference and sponsorship revenue is recognized over the period the event takes place.

Contributions

Contribution revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. Expenses are reported as decreases in net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Liabilities

Contract liabilities include event and sponsorship payments received in advance of the event. Contract liabilities are presented as "Deferred revenue" on the accompanying statements of financial position. Deferred revenue amounted to \$76,010, \$101,614 and \$59,601 as of December 31, 2022, 2021 and 2020, respectively.

Donated Services and In-Kind Contributions

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and employee benefits	Time and effort
Rent	Time and effort
Office expenses	Full time equivalent

Income Taxes

The Organization is organized as a Delaware nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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 at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates, and those differences could be material.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. **PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and cash equivalents with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed the Federal Deposit Insurance Corporation (the "FDIC") insurance limits or include uninsured investments in money market mutual funds.

The Organization has not experienced losses in any of these accounts. Credit risk associated with contributions and accounts receivable is considered to be limited due to assessed collectibility because substantial portions of the outstanding amounts are due from organizations supportive of its mission. As of December 31, 2022, three grantors accounted for 55%, 25%, and 12% of the Organization's contributions receivable. For the year ended December 31, 2022, two grantors accounted for 33% and 21% of the Organization's contribution revenue, and one grantor accounted for 92% of the Organization's program service fee revenue.

As of December 31, 2021, two grantors accounted for 80% and 20% of the Organization's contributions receivable. As of December 31, 2021, one customer accounted for 100% of the Organization's accounts receivable. For the year ended December 31, 2021, four grantors accounted for 18%, 15%, 13% and 11% of the Organization's contribution revenue, and two grantors accounted for 16% and 75% of the Organization's program service fee revenue.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASC 842") as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and the expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities. The Organization adopted ASC 842 under the modified retrospective method as of January 1, 2022. The adoption of ASC 842 did not have a significant impact on the Organization's financial statements.

The Organization adopted the package of practical expedients available at transition that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. The Organization made the accounting policy elections to not recognize short-term leases on the statements of financial position and to utilize the risk-free discount rate when the rate implicit in the lease is not readily determinable.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU was adopted on January 1, 2022, and did not have a significant impact on the Organization's financial statements.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued but Not Yet Effective Accounting Pronouncements

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 changes how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard will replace the "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. The amendment will affect loans, debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments should be applied on either a prospective transition or modified-retrospective approach depending on the subtopic. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The Organization is currently evaluating the effect on its financial statements and related disclosures.

Subsequent Events

The Organization has evaluated subsequent events through July 26, 2023, the date on which the financial statements were available to be issued. The Organization is not aware of any material events, other than matters disclosed in Note 10, that require recognition or disclosure in the accompanying financial statements.

NOTE 2. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,712,425	\$ 2,969,954
Contributions receivable	2,015,000	125,000
Sponsorships receivable	32,500	-
Accounts receivable	<u>54,088</u>	<u>120,000</u>
Total financial assets at year end	<u>3,814,013</u>	<u>3,214,954</u>
Less: amounts not available to be used within one year		
Designated by the Board for operating reserves	835,590	835,000
Net assets with donor restrictions	<u>1,194,473</u>	<u>1,019,315</u>
Financial assets not available to be used within one year	<u>2,030,063</u>	<u>1,854,315</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,783,950</u>	<u>\$ 1,360,639</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are estimated to be collected as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 1,515,000	\$ 125,000
In one to five years	<u>500,000</u>	<u>-</u>
	<u>\$ 2,015,000</u>	<u>\$ 125,000</u>

NOTE 4. LEASES

The Organization leases office and storage space under various operating leases. All lease agreements are cancelable within 30 days notification.

In January 2022, the Organization entered into a month-to-month operating lease for office space from a related party for \$600 per month. There is no formal lease agreement between the Organization and the related party. Rent expense paid to the related party under this arrangement totaled \$8,220 for the year ended December 31, 2022.

Total rent expense was \$45,665 and \$29,937 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Data and insights	\$ -	\$ 1,019,315
Catalytic grant fund	647,500	-
Policy	<u>46,973</u>	<u>-</u>
	694,473	1,019,315
Subject to the passage of time	<u>1,100,000</u>	<u>100,000</u>
	<u>\$ 1,794,473</u>	<u>\$ 1,119,315</u>

REFED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Expiration of time restrictions	\$ <u>100,000</u>	\$ <u>600,000</u>
Satisfaction of purpose restrictions:		
Capital and innovation program	190,000	120,000
Data and insights program	1,044,315	780,685
Diversity, equity, inclusion	-	100,000
Catalytic grant fund	407,500	-
Policy	<u>3,027</u>	<u>-</u>
	<u>1,644,842</u>	<u>1,000,685</u>
Total	<u>\$ 1,744,842</u>	<u>\$ 1,600,685</u>

NOTE 6. DONATED PROFESSIONAL SERVICES

The Organization received donated consulting services valued at \$100,000 and \$160,000 for the years ended December 31, 2022 and 2021, respectively, related to the Data and Insights program, which is reported as a component of "Database and technology" in the accompanying statements of functional expenses. Donated services are valued at the standard hourly rates charged for those services.

NOTE 7. EMPLOYEE BENEFITS

The Organization participates in a multiple employer 401(k) plan. The plan provides that employees who have attained the age of 21 and completed three months of service may voluntarily contribute up to the maximum contribution allowed by the IRS. The Organization will also provide a matching contribution up to 4% of eligible compensation. For the years ended December 31, 2022 and 2021, the Organization made matching contributions of \$64,912 and \$40,849, respectively.

The Organization also participates in a Registered Retirement Savings Plan for one employee located in Canada. For the years ended December 31, 2022 and 2021, the Organization made contributions of \$1,937 and \$5,052, respectively.

NOTE 8. CONTINGENCIES

The Organization may be subject to legal action or claims in the ordinary course of its business. Management is not aware of any current legal matters pending which would have a material adverse impact on the financial statements of the Organization.

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NOTE 9. PAYCHECK PROTECTION PROGRAM

On May 4, 2020, the Organization received loan proceeds of \$150,070 under the Paycheck Protection Program (the "PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP for the loan to be eligible for forgiveness.

The Organization applied for PPP loan forgiveness and received approval from the Small Business Administration (the "SBA") in October 2021. The Organization has recorded \$134,385 in forgiveness in the statement of activities as "Paycheck Protection Program loan forgiveness" for the year ended December 31, 2021. If it is determined that the Organization was not eligible to receive the PPP loan or that the Organization has not adequately complied with the rules, regulations and procedures applicable to the SBA's Loan Program, the Organization could be subject to penalties and could be required to repay the amounts previously forgiven. The remaining PPP loan balance of \$15,685 was repaid by the Organization in November 2021.

NOTE 10. RECENT EVENTS RELATING TO THE DISRUPTION IN THE U.S. BANKING SYSTEM

In March 2023, the shutdown of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system. However, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy and restoring public confidence in the U.S. banking system. Additional financial institution failures may occur in the near term that may limit access to short-term liquidity or have adverse impacts to the economy. As disclosed in Note 1, the Organization maintains cash amounts in excess of federally insured deposit limits in the aggregate amount of \$1,335,636 as of December 31, 2022. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.