

RESCUING LEFTOVER CUISINE, INC.

**Financial Statements and
Independent Auditor's Report**

December 31, 2021 and 2020

RESCUING LEFTOVER CUISINE, INC.

December 31, 2021 and 2020

Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rescuing Leftover Cuisine, Inc.

Opinion

We have audited the accompanying financial statements of Rescuing Leftover Cuisine, Inc. (a nonprofit organization)(the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit

conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Prior Period Financial Statements and Summarized Comparative Information

The financial statements of Rescuing Leftover Cuisine, Inc. as of December 31, 2020, were audited by other auditors, whose report was dated August 24, 2021, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wojeski & Company, CPAs, P.C.

Albany, New York
November 14, 2022

RESCUING LEFTOVER CUISINE, INC.**Statements of Financial Position**

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 661,043	\$ 769,244
Investments	18,861	15,910
Contributions receivable	185,307	193,945
Prepaid expenses	-	5,786
	<u>865,211</u>	<u>984,885</u>
PROPERTY AND EQUIPMENT, net		
Capitalized software	364,097	228,981
Less: Accumulated amortization	<u>(125,683)</u>	<u>(51,541)</u>
	<u>238,414</u>	<u>177,440</u>
	<u>\$ 1,103,625</u>	<u>\$ 1,162,325</u>
CURRENT LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 47,254	\$ 43,647
Loans payable	-	10,000
Paycheck protection program loan	-	78,800
	<u>47,254</u>	<u>132,447</u>
NET ASSETS		
Without donor restrictions	795,055	616,206
With donor restrictions	<u>261,316</u>	<u>413,672</u>
	<u>1,056,371</u>	<u>1,029,878</u>
	<u>\$ 1,103,625</u>	<u>\$ 1,162,325</u>

See accompanying notes to financial statements.

RESCUING LEFTOVER CUISINE, INC.**Statement of Activities****Year Ended December 31, 2021 (with comparative totals for the year ended December 31, 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
PUBLIC SUPPORT AND REVENUE:				
Contributed goods and services	\$ 2,122,659	\$ -	\$ 2,122,659	\$ 2,577,550
Contributions	1,001,726	317,100	1,318,826	1,508,198
Government grants	78,800	-	78,800	8,000
Earned income	75,997	-	75,997	132,911
Special events	48,421	-	48,421	-
Unrealized gain (loss) on investments	(528)	-	(528)	2,853
Dividend and interest income	159	-	159	243
Other income	-	-	-	2,741
Net assets released from restriction	469,456	(469,456)	-	-
TOTAL REVENUE AND OTHER SUPPORT	3,796,690	(152,356)	3,644,334	4,232,496
EXPENSES				
Program services:	3,202,816	-	3,202,816	3,123,582
Supporting services:				
Management and general	226,714	-	226,714	222,625
Fundraising	188,311	-	188,311	142,936
TOTAL EXPENSES	3,617,841	-	3,617,841	3,489,143
CHANGES IN NET ASSETS	178,849	(152,356)	26,493	743,353
Net assets at beginning of year	616,206	413,672	1,029,878	286,525
NET ASSETS AT END OF YEAR	\$ 795,055	\$ 261,316	\$ 1,056,371	\$ 1,029,878

See accompanying notes to financial statements.

RESCUING LEFTOVER CUISINE, INC.**Statement of Functional Expenses****Year Ended December 31, 2021 (with comparative totals for the year ended December 31, 2020)**

	Program Services	Management and General	Fundraising	2021 Totals	2020 Totals
EXPENSES					
Salaries and wages	\$ 464,974	\$ 57,370	\$ 126,169	\$ 648,513	\$ 381,620
Payroll taxes and fees	87,895	10,844	23,849	122,588	72,219
Total salaries and related	552,869	68,214	150,018	771,101	453,839
Contributed goods and services	2,122,659	-	-	2,122,659	2,577,550
Food supplies and transportation	386,653	-	-	386,653	167,731
Professional fees	-	118,306	10,659	128,965	123,593
Amortization	53,159	6,559	14,424	74,142	40,082
Platform fees and subscriptions	23,132	29,001	-	52,133	44,128
Rent	20,726	3,658	-	24,384	23,712
Advertising and marketing	8,134	-	8,134	16,268	45,672
Insurance	7,852	-	-	7,852	1,122
Graphic design	6,849	-	-	6,849	2,408
Postage and printing	5,495	-	-	5,495	1,216
Special events	-	-	5,076	5,076	-
Conferences, meetings and travel	1,654	-	-	1,654	1,363
Telephone and internet	1,168	-	-	1,168	1,951
Equipment and repairs	-	-	-	-	2,455
Miscellaneous and other expenses	12,466	976	-	13,442	2,321
	<u>\$ 3,202,816</u>	<u>\$ 226,714</u>	<u>\$ 188,311</u>	<u>\$ 3,617,841</u>	<u>\$ 3,489,143</u>

See accompanying notes to financial statements.

RESCUING LEFTOVER CUISINE, INC.**Statements of Cash Flows**

	For the Year Ended June 30,	
	2021	2020
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 26,493	\$ 743,353
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	74,142	40,082
Forgiveness of paycheck protection program loan	(78,800)	-
Bad debt expense	6,910	-
Donated stock	(3,405)	(12,449)
Unrealized (gain) loss on investments	528	(2,853)
Reinvested dividends	(74)	(11)
Changes in operating assets and liabilities:		
Contribution receivable	1,728	(83,702)
Prepaid expenses	5,786	(5,786)
Accounts payable	3,607	33,261
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>36,915</u>	<u>711,895</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of capitalized software	<u>(135,116)</u>	<u>(137,306)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(135,116)</u>	<u>(137,306)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from loans payable	-	10,000
Proceeds from paycheck protection program loan	-	78,800
Payments on loans payable	<u>(10,000)</u>	<u>(64)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(10,000)</u>	<u>88,736</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(108,201)	663,325
Cash and cash equivalents at beginning of year	<u>769,244</u>	<u>105,919</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 661,043</u>	<u>\$ 769,244</u>

See accompanying notes to financial statements.

RESCUING LEFTOVER CUISINE, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Rescuing Leftover Cuisine, Inc. (the "Organization") received its certificate of incorporation in New York on July 3, 2013. The mission is to aid the homeless and hungry living in New York City by providing such individuals with food donated by restaurants, hotels, universities, and other small businesses that would otherwise throw this food away.

The Organization has been notified by the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has not been designated as a private foundation.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting whereby all assets and liabilities are recorded during the period in which they were incurred.

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities*. Under these provisions net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are available for use in general operations and not subject to usage restrictions based on donor-imposed requirements. This class also includes net assets previously restricted when restrictions have expired or been met.

Net assets with donor restrictions – Net assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may be required to be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restrictions when the assets are placed into service. When a restriction is met or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported on the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

RESCUING LEFTOVER CUISINE, INC.

Notes to Financial Statements--Continued

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued

Cash and cash equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Organization's cash balances in financial institutions may at times exceed federally insured limits.

Investments

Investments are recorded at fair value in the statement of financial position. All realized and unrealized gains and losses are recorded in the statement of activities.

Contributions Receivable

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. All contributions receivable at December 31, 2021 and 2020 are expected to be received within one year and have been recorded at net realizable value. Management assesses outstanding receivables for collectability using specific identification and analyzing historical trends. Based on this review, no allowance for doubtful accounts is deemed warranted. Contributions receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Property and Equipment, Net

Acquisitions of property and equipment, and repairs which materially change capacities or extend useful lives, are reported at cost, net of accumulated depreciation and amortization. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred. When assets are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and/or amortization, and any resultant gain or loss is credited or charged to the Organization's change in net assets. Depreciation and amortization is recorded using the straight-line method over estimated useful lives of the assets.

Contributed Goods and Services

Contributions of services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not contributed, are recorded as income and as related expense. Donated goods are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note C for more details.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

RESCUING LEFTOVER CUISINE, INC.

Notes to Financial Statements--Continued

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued

Revenue from Contracts with Customers

Revenue from promised goods or services are recognized when control is transferred to the customers in an amount that reflects the consideration expected to be entitled to in exchange for those goods or services.

Sources from revenue from contracts with customers reported in the financial statements are under the caption "Earned income." Revenue associated with earned income relates to fees earned by the Organization for picking up the donated food, which is recognized when the food is delivered.

The Organization evaluates whether a contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and could change the amount of revenue recorded in a given period. Contracts are considered to be a single performance obligation if the promise to transfer individual goods and services are not distinct or separately identifiable from other promises in contracts.

The transaction price is allocated to the separate performance obligations based on the best estimate of the relative standalone selling prices.

Advertising

Advertising costs are expensed as they are incurred. Advertising costs totaled \$16,268 and \$45,672 for the years ended December 31, 2021 and 2020, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salary and wages are allocated using a time and effort basis. Payroll taxes, rent, office expenses and amortization are allocated using the same ratio as the salary allocations. All other expenses have been charged directly to the applicable program or supporting services.

Tax Exempt Status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable New York State law. Contributions to it are tax deductible within the limitations prescribed by the Code and comparable New York State Law. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

RESCUING LEFTOVER CUISINE, INC.

Notes to Financial Statements--Continued

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued

Tax Exempt Status--Continued

The Organization files Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated the Organization's tax positions, including interest and penalties attributable thereto, and concluded that the Organization had taken no tax positions that required adjustment in its financial statements as of December 31, 2021 and 2020.

The Organization's information return filings are subject to examination by various taxing authorities up to three years from the extended due date of each return. The Organization is no longer subject to examinations by taxing authorities for the fiscal years ending prior to December 31, 2018. Currently there are no examinations in progress nor has the Organization been informed of any pending examinations.

Fair Value Measurement

The Organization records fair value adjustments to certain assets and liabilities in accordance with ASC 820, *Fair Value Measurements*. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of common stock at December 31, 2021 and 2020, which are measured using Level 1 inputs.

Level 1 securities are valued at the closing price reported on the active market that they are traded on. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Comparative Financial Information

The 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 financial statements for the year ended December 31, 2020, from which the summarized information was derived.

RESCUING LEFTOVER CUISINE, INC.

Notes to Financial Statements--Continued

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued

Reclassifications

Certain amounts for the year ended December 31, 2020 have been reclassified to conform to the current year presentation. These reclassifications had no effect on net assets or the changes in net assets.

Subsequent Events

The Organization evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were available to be issued on November 14, 2022.

NOTE B--LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization maintains cash on hand to be available for its general expenditures, liabilities and other obligations for on-going operations. As part of its liquidity management the Organization operates its programs within a board approved budget and relies on grants, contributions and earned income to fund its operations and program activities.

	2021	2020
Cash and cash equivalents	\$ 661,043	\$ 769,244
Investments	18,861	15,910
Contributions receivable	185,307	193,945
Total financial assets, as of December 31:	865,211	979,099
Less amounts unavailable for general expenditures:		
Program restricted contributions	(261,316)	(413,672)
Financial assets available within one year	<u>\$ 603,895</u>	<u>\$ 565,427</u>

NOTE C--CONTRIBUTED GOODS AND SERVICES

The Organization records donated food as unrestricted public support and program expense at the time of receipt, which is virtually simultaneous with when it is granted. An independent study has been performed by a large national not-for-profit organization to provide an estimate of the per pound value of food.

The Organization recorded donated food used for programs at \$1.69 and \$1.67 per pound for the years ended 2021 and 2020, respectively. More than 1,256,000 and 1,543,000 pounds of food were received and distributed during the years ended December 31, 2021 and 2020, respectively. Total donated food valued at \$2,122,659 and \$2,577,550, at December 31, 2021 and 2020, respectively, is included on the financial statements.

RESCUING LEFTOVER CUISINE, INC.

Notes to Financial Statements--Continued

NOTE D--NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2021</u>	<u>2020</u>
Program restricted:		
Food rescue and delivery operations	<u>\$ 261,316</u>	<u>\$ 413,672</u>

NOTE E--INVESTMENTS

A summary of the Organization's investments are as follows:

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
Common Stock	<u>\$ 16,536</u>	<u>\$ 2,325</u>	<u>\$ 18,861</u>
	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
Common Stock	<u>\$ 13,057</u>	<u>\$ 2,853</u>	<u>\$ 15,910</u>

Investment income (loss) for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Dividend income	74	11
Unrealized gain (loss)	<u>(528)</u>	<u>2,853</u>
	<u>\$ (454)</u>	<u>\$ 2,864</u>

NOTE F--RETIREMENT PLAN

The Organization has a tax deferred annuity plan under IRS section 401(k) for employees who are at least 21 years of age. Under the plan, employees may opt to defer a portion of their gross pay, having that portion of pay be invested in accordance with applicable federal and state guidelines governing deferred compensation programs. The Organization provides a 2% employer match on employee contributions. The Organization contributed \$12,572 and \$7,610 to the plan during the year ended December 31, 2021 and 2020, respectively.

RESCUING LEFTOVER CUISINE, INC.

Notes to Financial Statements--Continued

NOTE G--LOANS PAYABLE

	<u>2021</u>	<u>2020</u>
Paycheck protection program loan dated April 13, 2020 in the amount of \$78,800. The conditions for forgiveness were met during 2021, and accordingly, the grant revenue has been recognized for this loan.	\$ -	\$ 78,800
U.S. Small Business Administration ("SBA") loan in the amount of \$10,000 through the Economic Injury Disaster Loan Program. The loan was payable over a period of 29 years, with a one-year deferral of payment and interest accruing at 2.75%. The loan was repaid in full in 2021.	-	10,000
	<u>\$ -</u>	<u>\$ 88,800</u>

NOTE H--LINE OF CREDIT

The Organization has an \$80,000 line of credit agreement with a financial institution. Interest is payable monthly at the prime rate of interest plus 3.25% (8.5% at December 31, 2021). The line is collateralized against all of the Organization's assets. There were no amounts outstanding at December 31, 2021 and 2020.